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CANADA

**CANADA'S CUSTOMS TARIFF ACCORDING  
TO THE HARMONIZED SYSTEM:  
VOLUME V  
(CONSOLIDATION OF CONCESSIONARY  
PROVISIONS — STATUTORY  
CONCESSIONARY TARIFF ITEMS)  
(In Two Parts)**

**PART 1**

**REFERENCE**

**163**

**A REPORT BY  
THE TARIFF BOARD**





**REFERENCE NO. 163**

**A REPORT OF AN INQUIRY**

**by the**

**TARIFF BOARD**

**respecting**

**CANADA'S CUSTOMS TARIFF ACCORDING**

**TO THE HARMONIZED SYSTEM:**

**VOLUME V**

**(CONSOLIDATION OF CONCESSIONARY PROVISIONS  
— STATUTORY CONCESSIONARY TARIFF ITEMS)**

**(In Two Parts)**

**PART 1**

**This report is made pursuant to a reference by the  
Minister of Finance under section 4(2) of the Tariff  
Board Act.**

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REFERENCE 163

CONVERSION OF THE CANADIAN CUSTOMS TARIFF  
TO THE HARMONIZED SYSTEM OF CUSTOMS CLASSIFICATION  
- PHASE V -

Part One Report

INTRODUCTION

This is the first report of the Tariff Board on Phase V of Reference 163 regarding the conversion of the Customs Tariff according to the Harmonized System (HS) of Customs Classification. Phase V examines the conversion of the statutory end use items of the present Customs Tariff.

In this Part One, the Board presents recommendations arising from briefs submitted pursuant to notification for Phase V, as well as from submissions dealing with statutory end use items carried over from earlier Phases of this inquiry. The analysis of items which could not be completed for this report will be included in Part Two. They are mostly Customs Tariff items which were revised as a result of amendments arising from the Budget of February 18, 1987, and contained in the July, 1987, Revision to the Consolidation of Concessionary Provisions. It is anticipated that the revisions will be included in the HS enabling legislation.

In addition, Part Two will also contain recommendations resulting from the Board's own analysis of end use items covered by Phase V on which no briefs were submitted. It will, furthermore deal with the HS conversion of certain temporary concessionary tariff items which were, wholly or in part, elevated to statutory items as a result of the recently concluded GATT Article XXVIII negotiations.

At time of writing Part One, the Department of Revenue Canada, Customs & Excise, issued a Revision to the proposed HS-based Customs Tariff, already mentioned. Included was a new Appendix V which superceded that section of the Consolidation pertaining to Statutory Concessionary Provisions. The Board will entertain comments from interested parties with respect to this section of the Revision for consideration during the preparation of Part Two.

#### THE SCOPE OF REFERENCE 163 AND OBJECTIVES OF PHASE V

Canada and other member countries of the Customs Cooperation Council are adopting the Harmonized Commodity Description and Coding System (HS) for purposes of customs and commodity classification. The HS is based on inherent physical characteristics of goods, i.e., on what they are, and not on their use, as is frequently the case in the Customs Tariff.

The Board was asked by a letter of February 10, 1984, from the then Minister of State for Finance, to review the conversion of the existing Customs Tariff to a revised Customs Tariff based upon the HS. That letter is contained in Appendix I. This review was partitioned into a number of phases. In Phase I, Chapters 1-24 for live animals and animal products, vegetable oils, fats, prepared food and beverages and tobacco, were examined. Phase II covered Chapters 26-67 which contain the provisions for mineral products, chemicals, plastics, rubber and rubber articles, rawhides and leather goods, wood and articles of wood, pulp, paper, printed matter, textiles and textile articles. Phase III of Reference 163 consisted of a review of the Board's recommendations contained in the Phase I and Phase II Reports, as well as issues not dealt with in these earlier reports. Chapters 68-97 of the proposed Schedule formed the subject matter of Phase IV, dealing with articles of stone, precious and base metals, jewellery, machinery, vehicles and aircraft, optical, photographic and other precision instruments, arms and ammunition, miscellaneous manufactured articles, and works of art. Each phase, with its own public hearing, was concluded by a report with the Board's recommendations.

## Objectives of Phase V

The object of Phase V is to examine the accuracy of the conversion of all statutory tariff items with end use provisions of the present Customs Tariff. The specific objectives governing Phase V, given in the Letter of Reference, are here summarized as follows:

- (i) to review the accuracy of the transposition of statutory concessionary tariff items (end use items) consigned to the Consolidation of Concessionary Provisions (formerly the Annex), while verifying the Most-Favoured-Nation (MFN) rates of duty vis-à-vis the existing rates for such items of the Customs Tariff;
- (ii) to identify suitable provisions which would be more appropriately maintained in the Schedule proper rather than the Consolidation; and
- (iii) to identify possible alternatives to the Consolidation for the maintenance of concessionary tariff items.

Pursuant to the Minister's instructions, the Board is to review whether statutory end use tariff items have been absorbed in full or in part when converted to the HS Schedule; whether, when retained in the HS Schedule proper or the Consolidation, the present scope of such provisions has been broadened, narrowed or maintained upon conversion, and whether the 1987 MFN rates were maintained or not on conversion to the Schedule or in the Consolidation.

In principle, conversion to the HS was not to result in changes to the MFN rates of duty. However, where conversion involved an amalgamation of two or more current tariff items, or portions of current items, each with different MFN rates of duty, to a single HS item, the MFN rate for that new item is generally different from current MFN rates for some, if not all, of the goods now classified to it. Approved GATT principles governed the determination of new rates upon conversion. In Canada's case, the principles of trade-weighted average or trade majority were the predominant methods applied.

In line, furthermore, with the Minister's instructions regarding the Consolidation, the Board examined whether the provisions as they currently appear in the Consolidation could be incorporated in the Schedule proper. Conversely, the Board explored alternate ways of maintaining these provisions if their incorporation into the Schedule was not deemed feasible. Incorporation may take the form of transposing end use provisions from the Consolidation to the appropriate classification of the Schedule proper. As well, end use provisions may be eliminated by removing them from the Consolidation without introducing them specifically in the Schedule. Such provisions, then, would be "absorbed".

THE CONSOLIDATION OF CONCESSIONARY PROVISIONS, (FORMERLY KNOWN AS  
THE ANNEX OR THE SUPPLEMENTARY ANNEX)

At the very outset, it must be emphasized that the Consolidation is not part of the Schedule proper. It is a supplement, which maintains special concessionary provisions of the present Customs Tariff. The proposed Consolidation, of January 1, 1987, contains eight groupings of concessionary provisions, set out below.

<u>Section</u>	<u>Code</u>
Statutory Concessionary Provisions	0001 - 2999
Temporary Concessionary Provisions	3000 - 6999
Chemicals and Plastics Concessionary Provisions	7000 - 7999
Machinery Program Concessionary Provision	8000 - 8999
Statutory Home Consumption Drawback Provisions	9000 - 9199
Temporary Home Consumption Drawback Provisions	9200 - 9299
Agreement on Trade in Civil Aircraft Provision	9300 - 9399
Automotive Products Trade Agreement Provision	9400 - 9499

However, as previously noted, only the Statutory Concessionary Provisions are within the mandate of Phase V. This section incorporates all Customs Tariff statutory end use provisions not absorbed and not maintained in the Schedule itself. Select recommendations regarding conversion of such provisions rendered by the Board in earlier reports are included in this section of the Consolidation, as well as revisions to earlier draft

Consolidation provisions made by the Departments of National Revenue, Customs & Excise, and of Finance. The Consolidation of January 1987 also contained revisions arising from negotiations with Canada's trading partners.

In addition, some special cases appear in the section for Statutory Concessionary Provisions. Such items were included in the Consolidation since it was deemed necessary to retain the provisions involved, but their retention could not be conveniently carried out in the Schedule proper without an undue proliferation of tariff items.

Provisions of the Consolidation modify the rate provisions of the Schedule proper. That is, a commodity may attract a rate of, say, MFN 5% in the Schedule, but may enter at MFN Free if Concessionary Provisions apply. This is a general principle, extending to most Sections of the Consolidation.

For easy reference, Consolidation Codes, or Provisions, indicate in most instances to which tariff item Nos., Chapters, Sections, headings or sub-headings in the Schedule proper these Codes apply. The Schedule proper is correspondingly cross-referenced. However, such cross-referencing is not always carried out on an item-by-item basis. Concessionary Provisions may apply to a whole subheading, a heading, a Chapter, or a Section. Cross-referencing in these cases is at the appropriate level of the Schedule.

In conclusion, it should be once again noted that the Consolidation is an instrument to retain special provisions, such as end use, etc., which cannot be retained in the Schedule proper because of the latter's basic hierarchical structure and classification principles, but whose maintenance is deemed necessary. Moreover, the problem encountered in converting end use and other special provisions to an HS-based Customs Tariff is not unique to Canada. In HS conversion, some of Canada's major partners have developed an annex. The U.S., whose conversion was the only one available for perusal at the time of writing, has introduced Section XXII in their Schedule to

accommodate, inter al., end use provisions. Functionally, therefore, Section XXII is an annex -- the Consolidation in Canada's case -- even if not so named, to handle special tariff provisions.(1)

#### PHASE V AND BUDGET AMENDMENTS OF FEBRUARY 18, 1987

The current version of the Schedule proper and the Consolidation of Concessionary Provisions does not contain the conversion of tariff items amended in the Budget of February 18, 1987 -- particularly tariff items previously incorporating "... class or kind ..." provisions. Since all details are not available at this time, items with such provisions, when covered by Phase V, will be dealt with in Part Two, as noted previously.

#### ADDITIONAL STATUTORY END USE ITEMS FOR PHASE V

There are, as a result of recently concluded GATT Article XXVIII negotiations, approximately 25 temporary tariff items which have been wholly or in part added to the Concessionary Statutory Provisions section of the Consolidation. They have thus become part of the Phase V inquiry. The Board will report on the conversion of these items in Part Two.

#### THE PUBLIC HEARING FOR PHASE V AND BRIEFS SUBMITTED

The Board gazetted a Notice on March 28, 1987, regarding the public hearing for Phase V, in Ottawa to commence on May 27, 1987. The Notice also invited submissions from interested parties on issues of concern arising from the proposed disposition of statutory items with concessionary provisions to assist the Board in its inquiry.

(1) Cf., the Tariff Board, A Staff Paper Concerning the Concessionary Annex, p. 2 et seq., Ottawa, June, 1984.

A separate notice was also mailed out to organizations and individual firms and persons on the Board's mailing list. That notice outlined the Board's approach in Phase V, and contained a list of statutory end use items to the disposition of which upon conversion to the HS the Board would direct its inquiry. Information on how to obtain the latest version of the HS material was also enclosed. This notice went to some 3,500 individual addresses.

The Board received 28 briefs before the hearing, including supplementary submissions. A further six briefs reached the Board after the hearing. The Board has, nevertheless, reviewed them as well. In addition, various tariff items from another 16 briefs, received in earlier phases, were carried over and included in Phase V as being pertinent. The list of all the briefs considered in Phase V follows.

Aerospace Industries Association of Canada  
Air Transport Association of Canada  
Aliments Kouri Inc., et al. (per Arthur L. Brunette Ltée)  
Automotive Industries Association of Canada  
Borg-Warner Chemicals  
CAMCO Inc. (per Robert Robson)  
Canadian Chemical Producers' Association, The  
Canadian Farm and Industrial Equipment Institute  
Canadian Pacific (Canadian Airlines International) on behalf  
of the Air Transport Association of Canada  
Canadian Shirt Manufacturers Association (per Grey, Clark et al.)  
Canadian Textiles Institute  
Canadian Timken, Limited  
Canadian Wine Institute  
Canamara-United Supply Limited  
CIBA-Geigy Canada Ltée  
Combustion Engineering Canada Inc.  
Crop Protection Institute of Canada  
Cyanamid Canada Inc.  
DOMCO Industries Ltd., (per Corporation House)  
Du Pont Canada Inc.  
Electronic Industries Association of Japan, (per Gottlieb et al.)  
Ethicon Ltd., (per Beard, Winter)  
FAG Bearings Limited  
Finning Tractor & Equipment Company Limited  
Geo. H. Young & Co. Ltd.  
Great Circle Trading Co. Limited

Heineman Electric Canada Limited  
Hoffman-LaRoche Limited & Milgram  
Honeywell Limited  
Imperial Oil Limited  
Information Technology Association of Canada (formerly CBEMA)  
Libbey-St. Clair  
Milgram  
Monsanto Canada Inc. (per Tracon Consultants Ltd.)  
Northern Telecom Canada Limited  
Petroleum Services Association of Canada  
Philips Electronics Ltd.  
Prairie Implement Manufacturers Association  
Railway Association of Canada, The  
RCA Inc.  
Revol Agencies Limited  
SKF Canada Limited  
Sony of Canada Ltd., (per Gottlieb et al.)  
Tioxide Canada Inc.  
Tracon Consultants Limited  
Uniroyal Ltd.  
Victaulic Company of Canada Limited (per Gottlieb, et al.)  
Westar Mining Ltd.

#### RECOMMENDATIONS ARISING FROM THE BRIEFS

The briefs reviewed for Phase V contained, in a number of cases comments on general principles underlying the HS conversion and similar broad matters, including such issues as, for example, the need for a transitional period when the Customs Tariff based on the HS will be introduced. These comments are outside the Tariff Board mandate of reviewing the accuracy upon conversion of the nomenclature and the MFN rates.

Some briefs contained references to items not covered by Phase V. The Board did not address these items in its review. These items are listed later on under a separate heading.

Discussion in a few cases touched upon BP and GPT rates and upon items of temporary nature. These rates and temporary items are not part of the Board's analysis under Reference 163. Nevertheless, the Board brings such concerns to the attention of the Minister in the present section of this Report.

MFN  
Rate

19755-1 Paper or fibreboard, decorated or not, not including glassine, for use only in the manufacture of goods described in headings 93901 to 93905 Free

DOMCO Industries Ltd. submitted that the proposed conversion of 19755-1 (Concessionary Code 0820) would exclude semi-transparent release paper for use in the manufacture of vinyl floor tiles which, under the present Customs Tariff, is admissible under 19755-1. Furthermore, such tiles are classified to 93902-81, an item which falls within the heading specified in 19755-1.

Coated release paper and paperboard is classified to proposed tariff item Nos. 4811.31.90 and 4811.39.00 depending on whether or not bleached and its basis weight. Vinyl chloride floor tiles are classified to proposed tariff item No. 3918.10.90 and, if of other plastics, to 3918.90.99.

None of the above four items are referenced in Code 0820 as proposed.

Since DOMCO's brief provided satisfactory evidence that the release paper qualifies for duty free entry under the provisions of 19755-1, the Board recommends that Code 0820 be amended as follows:

MFN  
Rate

0820 Paper and paperboard of tariff item No. 4804.41.21, 4805.60.99, 4811.31.90, 4811.39.00 or 4811.90.00 for use in the manufacture of floor tiles of tariff item No. 3918.10.90 or 3918.90.99 or goods of heading No. 39.21 Free

MFN  
Rate

32660-1 Articles of glass, not to include plate, sheet, machine-made tumblers nor containers for the bottling or packaging of products, when for use in the manufacture of cut or decorated glassware, under such regulations as the Minister may prescribe

Free

Libbey-St. Clair expressed concern that proposed Concessionary Code 1260 does not retain the exclusion for 'machine-made tumblers', and requested restoration.

The Board is satisfied as a result of its review that the omission was indeed a conversion oversight. To correct this, and to restore the exclusion provision, the Board recommends the following to replace proposed Code 1260:

MFN  
Rate

1260 Articles of glass of heading No. 70.13, excluding machine-made tumblers, and of heading Nos. 70.18 and 70.20, for use in the manufacture of cut or decorated glassware

Free

40005-1 Fittings and couplings of iron or steel, not further manufactured than forged or bent to shape, whether or not deburred or descaled, for use in the manufacture of fittings and couplings

6.8%

Victaulic Company of Canada Limited contended that certain unfinished cast iron fittings and couplings, which currently enter under 40005-1, will be classified in the HS schedule under tariff subdivisions with a 10.2% MFN rate of duty. A restoration of the present 1987 rate for these cast iron articles was requested.

Analysis has confirmed that the majority of such fittings and couplings would retain the present 6.8% MFN rate in the HS Schedule proper, the exception being cast fittings, etc. falling to the tariff subdivisions of subheading Nos. 7307.11 and 7307.19 at 10.2% MFN.

The Board concurs with the request to restore the 1987 MFN rate for these cast iron articles. However, rather than adding separate items to the Consolidation, the Board recommends the following additional tariff subdivisions to subheading Nos. 7307.11 and 7307.19:

		MFN Rate
	-Cast fittings	
7307.11	--Of non-malleable cast iron	
.10.00	---Not further worked than forged or bent to shape, whether or not deburred or descaled . . . . .	6.8%
.90.00	---Other . . . . .	10.2%
7307.19	--Other	
.10.00	---Not further worked than forged or bent to shape, whether or not deburred or descaled . . . . .	6.8%
.90.00	---Other . . . . .	10.1%

46240-1 This item provides for specified photographic equipment, including contact printers and power driven printers for photo-finishing and their parts at MFN Free.

The Electronic Industries Association of Japan expressed their concern with the conversion of this item, particularly for the printers noted above.

Analysis indicates that the proposed conversion of 46240-1 to tariff item No. 9010.20.91 did not change the MFN rate of Free and substantially retained the scope, with the exception of the contact and power driven printers. However, based on the scope of heading No. 90.09 and 90.10 in conjunction with the applicable supporting

Explanatory Notes, the Board is satisfied that the duty free entry of the printers and parts thereof is maintained under other tariff subdivisions as follows:

(i) Contact printers . . . . .	9009.20.00
Parts thereof . . . . .	9009.90.00
(ii) Power driven printers . . . . .	9010.10.00
Parts thereof . . . . .	9010.90.10

These proposed provisions and the scope of tariff item Nos. 9010.20.91 and 9010.90.10, for the parts of such equipment, provides a tariff neutral conversion for 46240-1, and thereby satisfactorily addresses the concern of the Electronic Industries Association of Japan.

44053-1, In this Phase and previously in Phase III, the Aerospace Industries  
44057-1, Association of Canada and the Air Transport Association of Canada  
44059-1, expressed their concerns with respect to the HS conversion of a  
44060-1, group of existing Customs Tariff provisions that pertain specifi-  
44061-1, cally to the tariff classification of aircraft, aircraft engines,  
44062-1, certain associated aircraft equipment, and parts of such goods.  
and Since the conversion of these items has been the subject of a series  
44063-1 of submissions, the Board feels it appropriate to comment fully on  
all items of interest to these Associations. The Board's under-  
standing of the conversion and proposed HS-based provisions to  
maintain current legislation is as follows.

Tariff items 44060-1, 44061-1 and 44062-1 have been retained in the Schedule proper and are not subject to further review under this Phase. Furthermore, the Board notes that Canada's undertaking for the GATT Agreement on Trade in Civil Aircraft, for which these three items are the applicable provisions of the present Customs Tariff, have been maintained in a separate section of the Consolidation of Concessionary Provisions at Codes 9300, 9325 and 9350. This serves to preserve Canada's international commitment under this Agreement,

the conversion having been reviewed by other parties to it. The remaining "aircraft" items have been transposed in the following manner:

<u>CT Item</u>	<u>Jan. 1 Code</u>	<u>July Revision Code</u>
(i) 44053-1 44057-1 44059-1 and 44063-1 (in part)	2475	2430
(ii) 44063-1 (in part)	2480	2435

Although the Associations have made representations that the proposed HS conversion of the above four provisions has restricted the present scope, the Board's analysis does not support this contention. On the contrary, the review findings have indicated that adoption of their position would modify (expand) the scope. As an example, to include the term "maintenance" of 44062-1, as suggested, in Code 2475 (now 2430) would most certainly broaden the coverage. Furthermore, the "maintenance" provision is retained in the leader preamble to Code 9350 of the Civil Aircraft Agreement, which, in the Board's view is the most appropriate Concessionary provision consistent with the scope of 44062-1. To concede that proposed Code 2475 (revised 2430) should incorporate this term is to endorse a legislative amendment. Clearly, this is not within the Board's mandate.

To summarize, the Board is satisfied that the HS conversion of the group of aircraft tariff items either to the Schedule proper or to the various related sections of the Consolidation of Concessionary Provisions is neutral in coverage and scope and therefore makes no recommendation for amending the proposed Codes.

47900-1 Of particular concern to Ethicon Ltd., Cyanamid Canada Inc. and DuPont Canada Inc. was the retention of duty free entry for materials for use in the manufacture of surgical sutures and in the case of the first also for certain wrapping materials used to package such sutures.

As a result of the Board's review it supports the request, in part, and recommends that proposed Code 2550 be amended by adding the following:

"Materials for use in the manufacture of prepared surgical sutures of tariff item No. 3006.10.00"

However, analysis has established that packaging materials, whether of paper, plastic, foil, etc., are not admissible under the provisions of 47900-1, and therefore the Board makes no recommendation.

The Board has noted that the recent Revision contains an amendment to Code 2550 for suture materials. This should satisfactorily address Ethicon's concern for such materials.

MFN  
Rate

52500-1 Woven fabrics, wholly of cotton, specially treated and glazed, when imported by rubber manufacturers for use, in their own factories, exclusively as a detachable protective covering for uncured rubber sheeting

12.3  
p.c.

This provision, of concern to the Canadian Textiles Institute, has not been retained in the Consolidation or the Schedule proper and therefore has been allowed to lapse, there being no trade in the base year period (1980-1982) or in subsequent years.

Therefore, the Board makes no recommendation for amending the proposed Consolidation.

MFN  
Rate

56125-1	Yarns and rovings composed of hair combined with man-made fibres or filaments for use in the manufacture of tailors' canvas interfacing	7.5 p.c.
---------	---	-------------

The Canadian Textiles Institute noted that this provision has been incorporated into the applicable provisions of the Schedule proper at significantly higher MFN rates of duty, in most instances.

Further analysis has established that there was no trade in the base year period (1980-1982) and in subsequent years.

Therefore, the Board makes no recommendation in this instance.

MFN  
Rate

56225-1	Woven fabrics, wholly or in part of silk or of man-made fibres or filaments, imported in lengths of not less than 4.5 m, by manufacturers of neckties, for use in the manufacture of neckties, or matching necktie and pocket puff sets, but not including such fabrics for use as interlining	10 p.c.
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56250-1	Woven fabrics, in the web or with fused edges, wholly or in part of silk or wholly of man-made fibres or filaments, not coloured, for use in the manufacture of ribbons for typewriters, calculators and other office appliances	Free
---------	--	------

In the proposed conversion, the Canadian Textiles Institute claimed that the current provision "... wholly or in part of silk ..." was not carried forward in Concessionary Codes 1060 and 1821. They relate to materials other than silk.

In its analysis, the Board noted that tariff item 56225-1 has been bound under GATT at Free since 1979. Instead of reducing the rate accordingly in the Customs Tariff under tariff item 56225-1, a temporary item 56227-1 was created, with the appropriate MFN Free rate.

The MFN Free rate was maintained in Consolidation Code 1821, where the term "silk" was also retained upon conversion. In this respect, therefore, the Board does not deem that any recommendation is necessary.

However, with respect to the Consolidation Code 1060, which upon conversion retained the MFN rate of 10%, taken from tariff item 56225-1, the Board recommends that the GATT-bound MFN rate of Free be restored.

With "silk" being MFN Free in the tariff subdivisions of Chapter 50 in general, the Board does not deem any change to the nomenclature of Code 1060 to be necessary.

The Board notes that the revised Statutory Concessionary Provisions satisfactorily address the concern raised by the Institute.

		<u>MFN</u> <u>Rate</u>
	Seamless woven textile jackets, in tubular form, for use in the manufacture of fire-hose; fire-hose made from such jackets, with or without attached couplings:	
56520-1	The textile component of which is wholly cotton	11.3 p.c.
56521-1	The textile component of which is other than wholly cotton	20.0 p.c.

The Canadian Textiles Institute expressed concern with the proposed conversion of tariff item 56520-1, particularly the provision for seamless woven textile jackets wholly of cotton for use in the manufacture of fire hose.

Analysis of importations under these two items has indicated:

- (i) no importations of tubular jackets of any textile material;
- (ii) no significant trade under 56520-1;
- (iii) only fire hose of seamless woven textile jackets other than wholly of cotton has been imported in significant dollar volumes.

The Board further notes that the 20% MFN rate for the fire hose of 56521-1 has been maintained in item 5909.00.10 in the Schedule proper and thus the 1987 MFN rate of duty retained without recourse to the Consolidation. Based on this analysis, the Board makes no recommendation to amend the proposed HS conversion.

MFN  
Rate

56605-1 Fabrics, containing figured designs, woven in widths not exceeding 30 cm, lace, embroideries, emblems and medallions, for use in the manufacture of church vestments

Free

The Canadian Textiles Institute noted that the proposed conversion omitted the current provision "... figured designs ...", and did not explicitly recognize that hand made lace is included in the generic term "lace" of the current provision, and omitted "... embroideries ..." contained in the current provision.

The Board recommends that the nomenclature of Codes 1080, 1081 and 1082 be amended as follows:

by removing the present term "mechanically made" from the nomenclature of Code 1080, and by cross-referencing 1080 to subheading Nos. 5804.20 and 5804.30;

by adding to Code 1081 "containing figured designs", to read in full:

"Narrow woven fabrics of heading  
No. 58.06, containing figured  
designs";

by adding to Code 1082 "... embroideries ..." and a cross-reference to "58.10", to read in full:

"Emblems and medallions of tariff  
item No. 5807.10.20; embroideries  
of heading No. 58.10".

The Board also brings to the attention of the Minister that Concessionary Code 1082 should be amended to read "5807.10.20", instead of the proposed "5807.10.90", which is not a valid item in the HS Schedule proper.

MFN  
Rate

56815-1 Knitted fabric wholly of cotton, in the web, for use in the manufacture of rubber boots and shoes

10  
p.c.

The Canadian Textiles Institute expressed their concern that the proposed conversion omitted the current end use provision "... in the web ...", and transposed the current end use provision "... rubber boots and shoes ..." to "... rubber footwear ...", which would include "sandals", not covered before.

The Board recommends that the nomenclature of the Statutory Concessionary Code 1180 be amended by adding "... in the web ...", and by correcting to read: "... in the manufacture of rubber boots and shoes ...", thus restoring the current end use provision.

MFN  
Rate

56925-1 Hat sweats, cap peaks, stiffening bands for the inside of hats and caps, tips and sides when cut to shape, and materials for use in the manufacture of such articles; all the foregoing for use in the manufacture of hats and caps

Free

The Canadian Textiles Institute observed that the proposed conversion omitted the current end use provision for "... materials for use in the manufacture ..." and raised the MFN rate from Free to 6.8%, 9.3% and 13.5%.

The Board recommends the restoration of the end use provision and of the Free MFN rate. To minimize the number of additional tariff items to the HS Schedule, the Board recommends that a Statutory Concessionary Code be introduced in the Consolidation, duly cross-referenced, to read:

1120 "Materials for use in the manufacture of articles  
of tariff item No. 6507.00.00"

The Board notes that the recent Revision incorporates a variation of this recommendation at new Code 1120. However, the Board believes the above to be a preferable text.

MFN  
Rate

Materials of all kinds for use in producing or manufacturing the products of heading 93811, when imported exclusively for such use, whether or not otherwise enumerated in Schedule A, subject to such regulations as the Minister may prescribe:

85001-1      Other than the following      Free

The proposed conversion did not retain in full the current end use provision for "Materials of all kinds for use in ... (the) manufacturing the products of heading 93811 ...", as far as all materials are concerned.

Analysis shows that item 85001-1, currently at MFN Free, was concorded to various HS headings of Chapter 27, 28, 29, 32, 34, 38 and 39. The MFN rate of duty after HS conversion ranges from Free to 12.8% in the Schedule proper.

Concessionary Code 0291, however, restores the MFN rate of Free for materials in Chapter 28 and 29 when used in the manufacture of goods of heading No. 38.08 (the former 93811). As shown, though, tariff item 85001-1 was concorded to other Chapters as well, not covered by the proposed Code.

At issue, in particular, are "surface active preparations", or "surfactants", of HS heading No. 34.02. They currently enter under 85001-1 when used in the production of goods of 93811. At issue, also, are goods of subheading No. 3907.20, for materials for use in the making of containers for goods of 93811. Such materials currently enter under 85001-1.

Concern about the exclusion of surfactants of HS heading No. 34.02 when used in the manufacture of goods of HS heading No. 38.08 was voiced by Cyanamid Canada Inc., with support from Du Pont Canada Inc., Monsanto Canada Inc., CIBA-Geigy Canada Ltée, and the Crop Protection Institute of Canada. CIBA-Geigy, also raised the question of materials for the making of containers for goods of heading No. 38.08 (the former 93811), which currently enter at MFN Free under 85001-1. The finished containers, not at issue here, were concorded elsewhere and subject to a review of 85005-1, which awaits the publication of the forthcoming enabling HS legislation.

Uniroyal Ltd., furthermore, requested in an earlier brief retention of MFN Free for materials of all kinds for use in manufacturing products of 93811.

Goods of 85001-1 presently allocated to various tariff subdivisions of HS Chapter 27 and 32 enter at MFN Free. Thus, no amendment to restore former rate concessions is required. However the Board recommends that the nomenclature of proposed Concessionary Code 0291 which, by virtue of its preamble entitles goods "... for use in the manufacture of goods of heading No. 38.08 ..." to enter at MFN Free, be amended by adding "34.02" and "3907.20", to read:

MFN  
Rate

0291	"Other goods of Chapter 28 or 29 or surface active preparations of tariff item No. 3402.90.00; goods of subheading No. 3907.20	Free
------	--	------

The Board notes that the recommendation for surface active preparations is included in the recent Revision to proposed Codes 0290-0292 inclusive.

#### ADDITIONAL CONSIDERATIONS

The proposed conversion of the following items, and the relevant Concessionary Codes, has not changed substantively current provisions. No recommendations are deemed necessary in these instances nor for those items for which analysis established no importations. These items are listed below with the appropriate company affiliation:

##### (i) Canadian Textiles Institute:

31215-1;	31220-1;	35122-1;	41305-1;	47620-1;
52102-1;	52103-1;	52104-1;	52105-1	52106-1;
52206-1;	52225-1;	52230-1;*	52400-1;	53220-1;
53240-1;	53420-1;	54105-1;	54106-1;	55805-1;
55815-1;	55820-1;	55905-1;	56115-1;	56117-1;
56120-1;**	56220-1;	56230-1;	56235-1;	56237-1;
56240-1;	56245-1;	56700-1;	56920-1;	56940-1;
56945-1;	56950-1;	56807-1;	57405-1;	84900-1

##### (ii) Others:

06928-2	Hoffman-LaRoche Limited
13415-1	Canadian Wine Institute
32642-1	Libbey-St. Clair
39401-1	Railway Association of Canada
41003-1	Westar Mining Ltd.
41006-1	"
41012-1	"
41014-1	Westar Mining Ltd. and Finning Tractor & Equipment Company Limited
41023-1	Westar Mining Ltd.

(\*) Also reviewed in the brief by Canadian Shirt Manufacturers Association.

(\*\*) Also discussed in the brief by Du Pont Canada Inc.

41417-1 Electronic Industries Association of Japan; Honeywell  
Limited  
41417-2 Information Technology Association of Canada; Sony of  
Canada Ltd.; Northern Telecom Canada Limited  
41417-3 Electronic Industries Association of Japan  
43705-1 Railway Association of Canada, The  
43420-1 "  
44028-1 Great Circle Trading Company Limited  
44544-2 Electronic Industries Association of Japan  
47600-1 Du Pont Canada Inc.  
Hoffman-Laroche Limited  
Cyanamid Canada Inc.

The HS conversion of tariff item 92915-1 was of concern to both Imperial Oil Limited and Du Pont Canada Inc. while Monsanto Canada Inc. addressed the conversion of item 92931-1. The Board notes that these two items fall within the Chemicals and Plastics Tariff Reduction Order and is therefore enable to comment as the HS conversion of such provisions are ex-mandate. However, the Board brings these concerns to the attention of the Minister.

Furthermore, because Phase V does not deal with temporary provisions of any kind, the Board cannot address concerns raised by Imperial Oil Limited with respect to tariff items 27200-2 and 93404-5. Nevertheless, the Board brings these concerns to the attention of the Minister.

The Canadian Textiles Institute submitted Customs Tariff items 53120-1, 56015-1 and 56025-1 before the Board. In these instances concern was expressed about the conversion of the GPT and/or BP rates. Once again, although the matter is ex mandate, the Board brings this issue to the attention of the Minister.

The following items were of concern to Tioxide Canada Inc., Du Pont Canada Inc., and Borg-Warner Chemicals.

85300-1, These items currently provide for entry at MFN Free, inter al., of  
85600-1 various forms of titanium dioxide, ultimately for use in the  
and coating, colouring or printing of textiles, and in the manufacture  
86400-1 of roofing granules.

In addition, inorganic pigments, which include titanium dioxide, when of a kind not produced in Canada, may currently enter at MFN Free under 86400-1.

All three items which provide for titanium dioxide were referred to the Board by Tioxide Canada Inc., one of the producers of this material, objecting to duty free entry for titanium dioxide under certain proposed Statutory Concessionary Provisions.

Adoption of the Harmonized System is not the appropriate mechanism to eliminate free entry where it exists at present. Thus the Board is unable to address this issue, and can only bring the concerns to the Minister's attention.

#### ITEMS HELD OVER FOR PART TWO

As noted in the introduction the briefs submitted by interested parties contained a number of end use provisions in the Customs Tariff whose conversion cannot be considered in this report, and will, therefore, be dealt with in Part Two. Reference is made here to items whose analysis will be based on the July 1987 Revision to the Statutory Concessionary Provisions and the HS enabling legislation later this year, or where further information is required. These items and briefs are listed below.

09050-1	Aliments Kouri Inc., <u>et al.</u>
21950-1	Monsanto Canada Inc., and Hoffman-LaRoche Limited
29705-1	Philips Electronics Ltd.
41205-1	Information Technology Association of Canada
42726-1	FAG Bearings Limited

438	Automotive Industries Association of Canada
series	
43829-1	Philips Electronics Ltd.
44022-1	Revol Agencies Limited
44200-1	Canadian Farm and Industrial Equipment Institute, Geo. H. Young & Co. Ltd., and Prairie Implement Manufacturers Association
44205-1	Canadian Timken Limited, Combustion Engineering Canada Inc., FAG Bearings Limited, Finning Tractor & Equipment Company Limited, and SKF Canada Limited
44300-3	CAMCO Inc.
44504-4	Philips Electronics Ltd.
44544-1	Information Technology Association of Canada and Electronic Industries Association of Japan
44599-1	Information Technology Association of Canada and Northern Telecom Canada Limited
47835-1	Canadian Textiles Institute
49102-1	Petroleum Services Association of Canada
49105-1	Canamara-United Supply Limited and Petroleum Services Association of Canada
51155-1	Canadian Textiles Institute
52208-1	" " "
53225-1	" " "
53230-1	" " "
53415-1	" " "
54015-1	" " "
56020-1	" " "
56255-1	" " "
56505-1	" " "
56930-1	" " "
69605-1	" " "
85005-1	Du Pont Canada Inc.
85400-1	Cyanamid Canada Inc.
85600-1	Canadian Textiles Institute
86000-1	Imperial Oil Limited
86400-1	Tioxide Canada Inc., Du Pont Canada Inc. and Borg-Warner Chemicals
89905-1	Hoffman-LaRoche Limited
93819-5	Imperial Oil Limited.
93819-14	" " "

ITEMS NOT COVERED BY PHASE V

41415-1	44533-2	44536-1	44540-1
42700-1	44533-4	44536-2	45111-1 and
42865-1	44533-6	44536-3	92904-12
44524-1	44535-7	44536-5	
44533-1	44535-1	44538-3	

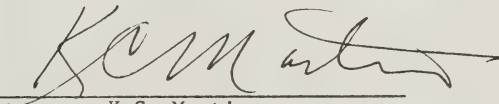
The above tariff items were submitted in various briefs for consideration in Phase V.

As none of these items are covered by Phase V they were not reviewed.



---

D.R. Yeomans  
Chairman



---

K.C. Martin  
Member

Ottawa  
September 17, 1987



## Appendix I



February 10, 1984

Dear Mr. MacDonald,

I am writing to direct the Board, under section 4(2) of the Tariff Board Act, to study and report on the conversion of Canada's Customs Tariff to the Harmonized Commodity Description and Coding System (HS). Enclosed is a draft HS schedule, and related documentation, on which the Board can initiate its study.

As you are aware, the HS is a structured 6-digit nomenclature developed by the Customs Co-operation Council (CCC) in Brussels. It is designed to provide for the systematic classification of all goods in international trade, particularly for customs tariff and statistical purposes. The HS is based on, updates and expands the Customs Co-operation Council Nomenclature which is the tariff classification system currently used by all major trading nations except Canada and the United States.

The HS is supported by the General Rules for the Interpretation of the Harmonized System (Interpretative Rules) and Section and Chapter Notes, to ensure that the HS is interpreted uniformly by those countries using it. The HS is further supported by the Explanatory Notes which constitute the official interpretation of the HS by the CCC.

In 1981 the government decided that Canada should work towards the adoption of the HS. A discussion paper was made public at that time setting out the issue involved; I have enclosed a copy of the paper for your information. Subsequently, a consensus emerged amongst members of the CCC that developed countries should adopt the new system at the 6-digit level of detail by a formal CCC Convention which would bind signatories to use the system in its entirety. Furthermore, it has been agreed that countries should aim for an implementation date of January 1, 1987.

In June 1983, the CCC approved the "International Convention on the Harmonized Commodity Description and Coding System", Article 3 of which sets forth the obligations of a contracting party in respect of its customs tariff. In preparing the draft HS schedule the undertakings of Article 3 were applied. I would ask that the Board in conducting its study be guided by the Convention.

In carrying out this inquiry I would ask the Board to focus its review on the accuracy of the draft schedule's nomenclature and rates vis-à-vis the existing provisions of the Customs Tariff, bearing in mind the changes that have been made by departmental officials to condense and simplify the draft schedule. I would also ask the Board to focus on ways the schedule might be further improved.

The schedule has been developed on the basis of Most-Favoured-Nation rates in effect on January 1, 1987. I would like the Board to use these rates as the basis of its study and I would not want the Board to propose changes that would have an overall significant effect on them. In this connection, the Board should take into account Canada's tariff commitments under the GATT and the rate adjustment principles approved by the GATT Committee on Tariff Concessions on June 30, 1983.

In developing its recommendations I would expect that the Board would be guided both by its own investigations and by representations from interested parties.

Two areas which required special treatment in developing the draft schedule are the so-called "end-use" tariff items and items covering "parts" of various products, particularly those items of broad coverage. I am not asking the Board at this time to review items of this kind that have been introduced on a temporary basis by Order-in-Council. With respect to the "statutory" end-use and parts items, while some of these have been fitted into the HS schedule, it was decided that rather than create a large number of new tariff lines in the schedule, other such items should be set out in a supplementary Annex to the schedule. In the course of this enquiry I would ask the Board to examine whether products and items in the Annex could be incorporated into the draft schedule. In this regard, the Board should take account, inter alia, of the need for individual items under current economic circumstances, the importance in trade terms of imports of individual products under items of broad coverage, and alternate ways of providing for these items if their incorporation into the schedule is not deemed feasible at this time.

The enclosed material comprises chapters 1-15 of the draft HS schedule, and related documentation, and represents a relatively small part of the entire HS schedule. It was decided that in light of the time constraints imposed by the January 1, 1987 target for implementation of the HS and the volume of work involved in the conversion and review processes, it would be appropriate to refer the various chapters of the draft schedule to the Board as they are completed by departmental officials. In view of this, I would request that the Board during the course of its study submit reports as it completes its work on the various commodity groupings, with a final report to be submitted by January 1, 1986.

Yours sincerely,

Roy MacLaren





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**CANADA'S CUSTOMS TARIFF ACCORDING  
TO THE HARMONIZED SYSTEM:  
VOLUME V  
(CONSOLIDATION OF CONCESSIONARY  
PROVISIONS — STATUTORY  
CONCESSIONARY TARIFF ITEMS)**

**PART 2**



**A REPORT BY  
THE TARIFF BOARD**

**REFERENCE  
163**



**REFERENCE NO. 163**

**A REPORT OF AN INQUIRY**

**by the**

**TARIFF BOARD**

**respecting**

**CANADA'S CUSTOMS TARIFF ACCORDING**

**TO THE HARMONIZED SYSTEM:**

**VOLUME V**

**(CONSOLIDATION OF CONCESSIONARY PROVISIONS**

**— STATUTORY CONCESSIONARY TARIFF ITEMS)**

**PART 2**

**This report is made pursuant to a reference by the  
Minister of Finance under section 4(2) of the Tariff  
Board Act.**

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## REFERENCE 163

### CONVERSION OF THE CANADIAN CUSTOMS TARIFF TO THE HARMONIZED SYSTEM OF CUSTOMS CLASSIFICATION

- PHASE V -

#### Part Two Report

## INTRODUCTION

This is the second report of the Tariff Board on Phase V of Reference 163. Phase V examines the conversion of the statutory end-use items of the present Customs Tariff.

In Part 1 of Volume V the Board presented its review and recommendations arising from briefs dealing with statutory end use items which were not subject to changes arising from the February 18, 1987 Budget and hence to changes contained in the Notice of Ways and Means of October 2, 1987. Part 2 of Volume V considers the proposals affected by such changes.

## THE SCOPE OF REFERENCE 163 AND OBJECTIVES OF PHASE V

Canada and other member countries of the Customs Cooperation Council are adopting the Harmonized Commodity Description and Coding System (HS) for purposes of customs and commodity classification. The HS is based on inherent physical characteristics of goods, i.e., on what they are, and not on their use, as is frequently the case in the Customs Tariff.

The Board was asked by a letter of February 10, 1984, from the Minister of State for Finance, to review the conversion of the existing Customs Tariff to a revised Customs Tariff based upon the HS. That letter is contained in Appendix 1. This review was partitioned into a number of phases. In Phase I, Chapters 1-24 for live animals and animal products, vegetable oils, fats, prepared food and beverages and tobacco, were examined. Phase II covered Chapters 26-67 which contain the provisions for mineral

products, chemicals, plastics, rubber and rubber articles, rawhides and leather goods, wood and articles of wood, pulp, paper, printed matter, textiles and textile articles. Phase III of Reference 163 consisted of a review of the Board's recommendations contained in the Phase I and Phase II Reports, as well as issues not dealt with in these earlier reports. Chapters 68-97 of the proposed Customs Tariff formed the subject matter of Phase IV, dealing with articles of stone, precious and base metals, jewellery, machinery, vehicles and aircraft, optical, photographic and other precision instruments, arms and ammunition, miscellaneous manufactured articles, and works of art. Each phase, with its own public hearing, was concluded by a report with the Board's recommendations.

#### Objectives of Phase V

The object of Phase V is to examine the accuracy of the conversion of all statutory tariff items with end-use provisions of the present Customs Tariff. The specific objectives governing Phase V, given in the Letter of Reference, are here summarized as follows:

- (i) to review the accuracy of the transposition of statutory concessionary tariff items (end-use items) consigned to proposed Schedule II (formerly the Annex) of the revised HS-based Customs Tariff, while verifying the Most-Favoured-Nation (MFN) rates of duty vis-à-vis the existing rates for such items of the Customs Tariff;
- (ii) to identify suitable provisions which would be more appropriately maintained in the Customs Tariff rather than Schedule II; and
- (iii) to identify possible alternatives to Schedule II for the maintenance of concessionary tariff items.

Pursuant to the Minister's instructions, the Board is to review whether statutory end-use tariff items have been absorbed in full or in part when converted to the revised Customs Tariff; whether, when retained in the Tariff proper or Schedule II thereto, the present scope of such provisions has

been broadened, narrowed or maintained upon conversion, and whether the 1987 MFN rates were maintained or not on conversion to the Customs Tariff or in Schedule II.

In principle, conversion to the HS was not to result in changes to the MFN rates of duty. However, where conversion involved an amalgamation of two or more current tariff items, or portions of current items, each with different MFN rates of duty, to a single HS item, the MFN rate for that new item is generally different from current MFN rates for some, if not all, of the goods now classified to it. Approved GATT principles governed the determination of new rates upon conversion. In Canada's case, trade-weighted averages or trade majorities were the predominant methods applied.

In line, with the Minister's instructions regarding Schedule II, the Board examined whether the provisions, as they currently appear in that Schedule, could be incorporated in the revised Customs Tariff (Schedule I). Conversely, the Board explored alternate ways of maintaining these provisions if their incorporation into the Customs Tariff was not deemed feasible. Incorporation may take the form of transposing end-use provisions from Schedule II to the appropriate classification of the Customs Tariff. As well, end use provisions may be eliminated by removing them from Schedule II without introducing them specifically in the Customs Tariff. Such provisions, then, would be "absorbed".

#### Schedule II

Schedule II maintains special concessionary provisions of the present Customs Tariff, not absorbed or maintained in the revised, HS-based Customs Tariff, as well as other provisions which could not be conveniently retained in the Customs Tariff proper without an undue proliferation of tariff subdivisions.

The provisions, or Codes, of Schedule II modify the rate provisions of the Customs Tariff. That is, a commodity may attract a rate of, say, MFN 5% in Schedule I, but, if a Schedule II Code applies, may enter at the concessionary rate of duty of the Code, usually MFN Free.

For easy reference, the Codes of Schedule II indicate in most instances to which tariff item Nos., Chapters, Sections, headings or sub-headings in the Customs Tariff these apply. The Tariff proper is correspondingly cross-referenced. However, such cross-referencing is not always carried out on an item-by-item basis. Concessionary Codes may apply to a whole subheading, a heading, a Chapter or a Section. Cross-referencing in these cases is at the appropriate level of the Customs Tariff.

In conclusion, it should be once again noted that Schedule II is an instrument to retain special provisions, such as end-use or specific concessions, whose maintenance is deemed necessary but which cannot be retained in the Customs Tariff proper because of the latter's basic hierarchical structure and classification principles.

#### THE PUBLIC HEARING FOR PHASE V AND BRIEFS SUBMITTED

The Board gazetted a Notice on March 28, 1987, regarding the public hearing for Phase V, in Ottawa to commence on May 27, 1987. The Notice also invited submissions from interested parties on issues of concern arising from the proposed disposition of statutory items with concessionary provisions to assist the Board in its inquiry.

A separate notice was also mailed out to organizations and individual firms and persons on the Board's mailing list. That notice outlined the Board's approach in Phase V, and contained a list of statutory end use items which the Board was directed to examine in order to review the accuracy of the conversion process. Information on how to obtain the latest version of the HS material was also enclosed.

The Board received 28 briefs before the hearing, including supplementary submissions. A further six briefs reached the Board after the hearing. The Board has, nevertheless, reviewed them as well. In addition, various tariff items from another 16 briefs, received in earlier phases, were carried over and included in Phase V as being pertinent. The list of all the briefs contained in Phase V follows:

Aerospace Industries Association of Canada  
Air Transport Association of Canada  
Aliments Kouri Inc., et al.  
Automotive Industries Association of Canada  
Borg-Warner Chemicals  
CAMCO Inc.  
Canadian Chemical Producers' Association, The  
Canadian Farm and Industrial Equipment Institute  
Canadian Pacific (Canadian Airlines International) on  
behalf of the Air Transport Association of Canada  
Canadian Shirt Manufacturers Association  
Canadian Textiles Institute  
Canadian Timken, Limited  
Canadian Wine Institute  
Canamara-United Supply Limited  
CIBA-Geigy Canada Ltée  
Combustion Engineering Canada Inc.  
Crop Protection Institute of Canada  
Cyanamid Canada Inc.  
DOMCO Industries Ltd.  
Du Pont Canada Inc.  
Electronic Industries Association of Japan  
Ethicon Ltd.  
FAG Bearings Limited  
Finning Tractor & Equipment Company Limited  
Geo. H. Young & Co. Ltd.  
Great Circle Trading Co. Limited  
Heineman Electric Canada Limited  
Hoffman-LaRoche Limited & Milgram  
Honeywell Limited  
Imperial Oil Limited  
Information Technology Association of Canada (formerly  
CBEMA)  
Libbey-St. Clair  
Milgram  
Monsanto Canada Inc.  
Northern Telecom Canada Limited  
Petroleum Services Association of Canada  
Philips Electronics Ltd.  
Prairie Implement Manufacturers Association

Railway Association of Canada, The  
RCA Inc.  
Revol Agencies Limited  
SKF Canada Limited  
Sony of Canada Ltd.  
Tioxide Canada Inc.  
Tracon Consultants Limited  
Uniroyal Ltd.  
Victaulic Company of Canada Limited  
Westar Mining Ltd.

As noted in the Part One Report, certain briefs submitted by interested parties were to be dealt with following introduction of the HS enabling legislation or where further information was required. It is these briefs and following tariff items, which are the subject of this Part Two Report:

<u>Tariff</u> <u>Item</u>	<u>Brief</u>
09050-1	Aliments Kouri Inc., <u>et al.</u>
21859-1	Monsanto Canada Inc. and Hoffman-LaRoche Limited
29705-1	Philips Electronics Limited
41205-1	Information Technology Association of Canada
42726-1	FAG Bearings Limited
438	Automotive Industries Association of Canada
series	
43829-1	Philips Electronics Ltd.
44022-1	Great Circle Trading Company Limited and Revol Agencies Limited
44205-1	Canadian Timken Limited, Combustion Engineering Canada Inc., FAG Bearings Limited, Finning Tractor & Equipment Company Limited and SKF Canada Limited
44300-3	CAMCO Inc.
44504-4	Philips Electronics Limited
44544-1	Information Technology Association of Canada and Electronic Industries Association of Japan
44599-1	Information Technology Association of Canada and Northern Telecom Canada Limited
47835-1	Canadian Textiles Institute
49102-1	Petroleum Services Association of Canada
49105-1	Canamara-United Supply Limited and Petroleum Services Association of Canada

<u>Tariff</u> <u>Item</u>	<u>Brief</u>
51155-1	Canadian Textiles Institute
52208-1	" " "
53225-1	" " "
53230-1	" " "
53415-1	" " "
54015-1	" " "
56020-1	" " "
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69605-1	" " "
85005-1	Du Pont Canada Inc.
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86000-1	Imperial Oil Limited
86400-1	Borg-Warner Chemicals, Du Pont Canada Inc. and Tioxide Canada Inc.
89905-1	Hoffman-LaRoche Limited
93819-5	Imperial Oil Limited
93819-14	" " "

#### RECOMMENDATIONS ARISING FROM THE BRIEFS

The briefs reviewed for Phase V contained, in a number of cases, comments on general principles underlying the HS conversion and similar broad matters, including such issues as, for example, the need for a transitional period when the Customs Tariff based on the HS will be introduced. These comments are outside the Tariff Board mandate of reviewing the accuracy upon conversion of the nomenclature and the MFN rates.

Some briefs contained references to items not covered by Phase V. The Board did not address these items in its review.

Discussion in a few cases touched upon BP and GPT rates and upon items of a temporary nature. These rates and temporary items are not part of the Board's analysis under Reference 163. Nevertheless, the Board brings such concerns to the attention of the Minister in this Report.

	MFN Rate
9050-1 Vegetable materials for use as flavourings, n.o.p. . . . .	Free

Arthur L. Brunette Ltd., on behalf of three firms, addressed their mutual concern with the MFN rate of duty for capers, either in brine or in vinegar, as proposed in Schedule I of the revised Customs Tariff based on the HS.

Upon a more detailed review of the issue, it is evident to the Board that the request cannot be considered in the context of Reference 163, Phase V as it entails an amendment to present legislation rather than arising directly from conversion to the HS. However, a brief summary of the current situation is certainly in order as consequential amendments to the applicable Schedule I provisions may be necessary in the future.

As a result of Appeals 2135 and 2150, capers preserved in either manner are held to be classified under tariff item 9050-1, MFN Free, regardless of whether imported in bulk or packaged suitable for immediate retail sale. The Board notes that this decision has been appealed to the Federal Court. However, no decision by the Court has been rendered at time of preparing this Part II Report. The Board has established that the proposed Customs Tariff Schedule I provisions for the classification of capers in vinegar retains an MFN rate of 12.5% under tariff item No. 2001.90.90 or, if otherwise preserved, under 2005.90.99 with the same MFN rate. This HS conversion is based on the tariff classification in effect during the base-year period 1980-82, prior to the aforementioned appeals, and thus the rate is unchanged following HS conversion. Consequently, if the Federal Court upholds the classification under 9050-1, consequential amendments to the MFN rate of the applicable Schedule I provisions would be required. This, the Board brings to the

Minister's attention. On the other hand, if the classification is overturned and the previous classification under tariff item 9020-1 upheld, the Schedule I provisions will maintain the applicable MFN rate of 12.5% and no adjustments are necessary.

Regardless of the outcome of the Appeal the Board notes that the result would not address the main thrust of this submission which is a perceived inequity of the present tariff legislation with respect to the tariff treatment of preserved capers and the treatment of other commodities (i.e. olives) similarly preserved. Such an amendment is not within the terms of reference of this study. **The Board draws the issue to the Minister's attention for possible consideration.**

MFN  
Rate

21950-1	Chemicals, except antibiotics, of a kind not produced in Canada, without admixture or mixed only with any necessary carrier or diluent, when for use in the manufacture of animal or poultry feeds . . . . .	Free
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Hoffman-LaRoche Limited and Tracon Consultants Limited on behalf of Monsanto Canada Inc. submitted briefs which, in part, addressed the conversion of 21950-1 as proposed in Code 0130 of Schedule II to the Customs Tariff.

This tariff item (and subsequently Code 0130) was revoked in the Budget of February 18, 1987 as a result of the implementation of the recommendation contained in Reference 157. Consequently, chemicals previously classified to tariff item 21950-1 by virtue of their not made status and end-use will now fall to the regular provisions of Schedule I of the proposed Customs Tariff but subject to the temporary rate reduction regulations afforded by the Chemicals and Plastics Tariff Reduction Order. This, technically, renders the

item ineligible for consideration under this Reference as concessionary provisions of a temporary nature fall outside the Board's mandate. However, this Order will be maintained, the Board has been assured, in a separate schedule to the revised Customs Tariff (Codes 7000-7999). This will ensure an MFN rate-neutral impact upon chemicals previously classified under 21950-1 and presently classified to applicable items of Group 12 of the 1987 Customs Tariff.

**The Board** is satisfied that the retention of the concessionary MFN rate of duty for chemicals used in the production of animal and poultry feeds in this manner is consistent with the equivalent Group 12 provisions and **therefore makes no recommendation.**

MFN  
Rate

29705-1    Quartz, piezoelectric:

Not further processed than cut into slabs or blanks and  
ground to shape . . . . . Free

Philips Electronics Limited expressed a concern with respect to a potential 6.8% MFN rate of duty being applied to piezoelectric quartz currently classified under tariff item 29705-1, MFN duty free.

While this provision is not strictly a concessionary end-use item subject to Phase V, the Board has nonetheless reviewed the conversion of 29705-1. As a result, it is satisfied that the present MFN duty free rate is maintained in Schedule I of the proposed HS-based Customs Tariff at tariff item Nos. 7103.10.00 and 7104.10.00. **Consequently, the Board makes no recommendation.**

The MFN rate of 6.8 p.c. applies to tariff item 29706-1 for fully manufactured piezoelectric quartz for use in certain specified electrical apparatus. This item has also been retained in Schedule I, in tariff item No. 8541.60.00, with an MFN 6.8% rate.

MFN  
Rate

41205-1 Machines and apparatus, excluding those provided for in  
(in part) tariff item 41210-1, for use exclusively by, and in their capacities as printers, lithographers, bookbinders, paper or foil converters, manufacturers of stereotypes, electrotypes and printing plates or rolls, or manufacturers of articles made from paper, cardboard or foil, namely:

Machines and apparatus for making matrices, stereotypes, electrotypes or printing plates of any kind;

Machines and apparatus for the preparation of plates by graining, grinding, polishing or sensitizing;

Machines and apparatus, including cameras and camera equipment, lenses, prisms, camera and printing lamps, screens and vacuum frames, for transferring imagery to sensitized paper, film, plates or rolls for use in printing;

Machines and apparatus for slitting, winding or rewinding, having a roll width of less than seventy-two inches;

Gun and mould apparatus for making press rollers;

Machines and apparatus for addressing or wrapping newspapers, magazines, periodicals, pamphlets and catalogues;

Machines and apparatus for bookbinding, box-covering, bronzing, bundling, carbon coating, counting paper, cardboard or foil, creasing, cutting, drilling, dusting, embossing or producing embossed or engraved effects, eyeletting, flocking, folding, gathering, glueing, gumming, inserting, jogging, looping, metal mounting, numbering, pasting, patching, perforating, punching, reinforcing, ruling, scoring, sewing, sheet feeding, sheet piling, spraying for anti-offset, stamping, staying, stitching, stripping, tube-making, tying, varnishing, or waxing;

Parts of all the foregoing . . . . .

Free

In its brief of September 1985, the Information Technology Association of Canada (formerly CBEMA) requested an addition to the proposed Schedule proper of a specific tariff subdivision with an MFN free rate of duty for 'Addressing plate embossing machines' classified under the underlined provision of concessionary end-use tariff item 41205-1. The Association noted that such machines would be classified to tariff item No. 8472.20.00 at 9.2% MFN, otherwise.

As a result of the Board's review of proposed Schedule II, Code 0760, of the Ways and Means Motion of October 2, 1987, it is evident that the inclusion of 8472.20.00 for 'Addressing machines and address plate embossing machines' when for use by the specified industries would meet the request for MFN rate restoration. **The Board, therefore, makes no recommendation as this provision and MFN rate maintain the current legislation.**

MFN  
Rate

Ball and roller bearings, n.o.p.; parts of the foregoing, n.o.p.:

42726-1	Other than the following . . . . .	Free
(42727-1)	Automobile front wheel, double row, angular contact ball bearings, up to and including 76 mm outside diameter; Ball bearings with unground raceways up to and including 60.325 mm outside diameter of the single row radial type; Miniature or small single row radial ball bearings up to and including 12.7 mm outside diameter; Single row radial ball bearings (not including maximum capacity or maximum type, or cartridge type bearings) up to and including 90 mm outside diameter; Single row tapered roller bearings up to and including 168.275 mm outside diameter; Cylindrical needle rollers having a diameter of up to and including 6.35 mm and having a length not less than three times the diameter; Parts of all the foregoing . . . . .	9.2 p.c.

A submission by FAG Bearings Limited concerned specific bearings for motor vehicle use, namely water pump ball/roller bearings and strut thrust ball bearings. The company expressed its concern that proposed Code 1900 of January 1, 1987, did not reflect the made in Canada status of such bearings and was therefore seeking a suitable amendment to that particular concessionary Code.

The issue of the provisions of Code 1900 is effectively offset by the implementation of the Reference 157 recommendation for tariff items 42726-1 and 42729-1 in the February 18, 1987, Budget amendments to the present Customs Tariff. As a result, Code 1900 has been struck entirely from the proposed concessionary provisions of Schedule II to the revised Customs Tariff, and the tariff subdivisions of heading No. 84.82 of Schedule I have been completely revised to accommodate the introduction of amended 42726-1 and the specific naming provisions of 42727-1.

The Board notes that the October 2, 1987, Notice of Ways and Means Motion incorporates, at tariff item Nos. 8482.10.10 and 8482.80.10, both 9.2% MFN, a provision for 'Water pump type, of a kind used with the motor vehicles of Chapter 87' bearings, and strut thrust type ball bearings would be admissible under tariff item No. 8482.10.10. These conversions would satisfy FAG's concerns. **Consequently, no recommendation is required of the Board** because tariff items 42726-1 and 42729-1 have been accurately converted.

438           The Automotive Industries Association of Canada (AIA) made representations  
Series       with respect to various concessionary Codes proposed for the HS conversion of certain tariff items falling under the 438 series items pertaining to the automotive industry, including temporary tariff provisions. Temporary legislation was not included in the Board's mandate and is therefore not addressed in this Reference.

As noted in the Part I Report to Phase V, the review of the HS conversion of the 438 series provisions was set aside pending availability of the HS enabling legislation, which would incorporate the transposition of those 438 tariff items introduced in the February 18, 1987 Budget. Consequently, as the basis for its review, and for the purpose of the following recommendations, the Board has utilized the seventeen 438 series tariff items of the Budget and their corresponding concessionary Codes of Schedule II of the Notice of Ways and Means Motion, dated October 2, 1987.

These provisions are:

<u>Budget Tariff</u> <u>Item</u>	<u>Ways and Means Motion</u> <u>Schedule II Code</u>
43806-1	2450
43807-1 & 43808-1	2455
43810-1	2460
43811-1	2465
43812-1	2466
43813-1	2467
43814-1	2468
43815-1	2469
43816-1	2470
43817-1	2475
43819-1	2480
43820-1	2481
43821-1	2482
43824-1	2485 & 2486
43825-1	2490 & 2491
43826-1	2495 & 2496

43806-1 The proposed eo nomine provisions of Code 2450 are equivalent to the goods specific nomenclature of tariff item 43806-1, and therefore no recommendation with respect to the scope of this Code is required. However, the Board does recommend the use of preferred HS terminology, for purposes of legislation consistency, wherever applicable and practicable, in conjunction with minor restructuring to facilitate comprehension and use as well as to provide a more precise linkage to the provisions of Schedule I to the Customs Tariff.

Accordingly, the Board recommends the following wording for Code 2450:

- \* The following materials and articles for use in the manufacture or repair of road tractors of tariff item No. 8701.20.00, motor vehicles of heading No. 87.02, motor cars and other motor vehicles of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00, or of parts thereof, under such regulations as the Minister may make:

MFN  
Rate

Air compressors of a capacity of 0.00342 m<sup>3</sup>/s or more but not exceeding 0.01133 m<sup>3</sup>/s;

- \* Direction indication lamps (turn signal flasher units);
- \* Electric wiring terminals, excluding electric accumulator (battery) terminals, sockets, fittings, connectors or combinations thereof, including brackets and fittings permanently attached thereto;
- \* Gasket material of compressed asbestos or of asbestos and synthetic rubber;
- \* Gaskets, excluding gaskets of cork or felt;  
Hydraulic brake hoses, hydraulic brake locks and hydraulic gear pumps to operate hoists and other accessories, for hydraulic control assemblies;
- \* Ignition distributor rotors and cam assemblies;  
Manual slack adjusters for air brake systems;
- \* Nylon (polyamide) air brake tubes and pipes;
- \* Piston ring castings, unfinished, for motor vehicle engines of a capacity of 1,245 cc or more but not exceeding 8,996 cc;  
Spring brakes;  
Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel;
- \* Steel lock washers, excluding washers with internal or external teeth and helical spring lock washers of an internal diameter exceeding 38 mm;
- \* Tubes and pipes, electrically welded or double-wall copper brazed, of an external diameter not exceeding 9.525 mm and of a wall thickness not exceeding 0.711 mm for vacuum, hydraulic or air control assemblies;
- \* Vulcanized fibre, in sheets, rods, strips, tubes and pipes;
- \* Parts of the foregoing, excluding bulkheads, spring locators, spring retainers and diaphragms for spring brakes . . . . .

43807-1 These two provisions, which share a common listing of specified  
and materials and articles for use in certain motor vehicles, have been  
43808-1 combined in Code 2455.

With a single exception, all the eo nomine provisions of the goods specific nomenclature have been retained in the Code; spark plug cores being specifically provided for in Schedule I, tariff item No. 8547.10.10, MFN Free.

The Board's analysis has determined that the scope of tariff items 43807-1 and 43808-1 has been transposed in a comprehensive and satisfactory manner. However, in order to give consideration to the same factors, e.g. HS terminology, etc., addressed in the previous item above, the Board recommends that Code 2455 be amended to provide for:

- \* The following materials and articles for use in the manufacture or repair of road tractors of tariff item No. 8701.20.00, motor vehicles of heading No. 87.02, motor cars and other motor vehicles of heading No. 87.03, motor vehicles of heading No. 87.04 (excluding logging lorries (trucks)), fire fighting vehicles of tariff item No. 8705.30.00, or parts thereof, under such regulations as the Minister may make:

MFN  
Rate

Air compressors of a capacity of less than 0.00342 m<sup>3</sup>/s or exceeding 0.01133 m<sup>3</sup>/s;

- \* Bushings, graphited or oil impregnated, or of bronze or powdered metal;
- \* Clutch release bearings, whether or not with collar attached;
- \* Commutator copper or copper alloy segments and insulating end rings;  
Crankshaft thrust collars;  
Diaphragms for fuel or vacuum pumps;  
Door bumper shoes;  
Electric shift control for two-speed rear axles;
- \* Gasket material, excluding material of compressed asbestos or of asbestos and synthetic rubber;

- \* Gasket pre-forms, semi-finished, namely: formed bottoms of steel; grommets (flanges) or rings of brass, copper or steel; blank layers of steel for cylinder heads or manifold gaskets;
- \* Glass lenses for motor vehicle lamps or reflectors;  
Graphite bearings;
- \* Helical spring lock washers of steel, of an internal diameter exceeding 38 mm; lock washers of steel with internal or external teeth; other metal lock washers excluding steel washers;  
Ignition contact points;
- \* Key blanks for shafting;  
Magnetic plugs;  
Metal frames for convertible soft tops;  
Permanent mould pistons for brake master cylinders;
- \* Piston ring castings, unfinished, excluding pistons for motor vehicle engines of a capacity of 1,245 cc or more but not exceeding 8,996 cc;  
Propeller shaft tubes of steel bonded by rubber;
- \* Rails of lock seam section, corners, locks, and catches, and unplated ventilators of metal (excluding aluminum), for use in the manufacture of window sashes for bus bodies;
- \* Sleeve bearings of bronze or powdered metal;  
Bulkheads, spring locators, spring retainers and diaphragms for spring brakes;
- \* Steel or bronze-backed bearings with non-ferrous metal lining; materials for such bearings;  
Steering knuckle thrust bearings;
- \* Switches, including starter switch assemblies, solenoids, relays, circuit breakers and combinations thereof, but excluding direction indication lamps (turn signal flasher units);
- \* Synchronizing cones and blocking rings for gear boxes (transmissions);  
Tapered discs of hot-rolled steel, whether or not with centre hole, for disc wheels;  
Timing gear blanks of laminated composition plastics;
- \* Vacuum, hydraulic or air control assemblies, excluding spring brakes;
- \* Parts of the foregoing, but excluding:  
tubes and pipes, electrically welded or double-wall copper brazed, of an external diameter not exceeding 9.525 mm and of a wall thickness not exceeding 0.711 mm, for vacuum, hydraulic or air control assemblies; hydraulic brake hoses and hydraulic brake locks; hydraulic gear pumps to operate hoists and other accessories; manual slack adjusters for air brake systems; nylon (polyamide) air brake tubes and pipes . . . . .

43810-1 All the goods specific nomenclature of the preamble to tariff item 43810-1 has been satisfactorily transposed to Code 2460.

Once again, incorporating the various factors mentioned previously, while deleting, from certain provisions, extraneous text not required given the HS context, **the Board recommends the alternate restructured Code below which simplifies the provisions without any scope or coverage changes:**

- \* The following materials and articles for use in the manufacture of road tractors of tariff item No. 8701.20.00, motor vehicles of heading No. 87.02, motor cars and other motor vehicles of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00, or for use in the manufacture of original equipment parts thereof, under such regulations as the Minister may make:

MFN  
Rate

- Ammeters;
- Arm rests and wheel housing lining of indurated fibre, pressed to shape;
- \* Auxiliary gear box (transmission) overdrive units and controls therefor;
- Axle housings, one piece welded;
- Bearing spring shackles;
- Carburetors;
- Chassis frames and steel shapes for the manufacture therefor;
- \* Cigar and cigarette lighters, whether or not with a cigarette holder, including base;
- \* Composite frame and floor structure, unfinished, of metal;
- Control ventilator gear box;
- \* Cylinder lock barrels, whether or not with sleeves or keys therefor;
- Dash heat indicators;
- Door opening weatherseal retainers;
- Engine speed governor units;
- \* Fluid couplings, whether or not with drive plate assemblies;
- \* Grilles, not plated, whether or not polished before assembly, and parts thereof not plated nor polished after final forming, casting or piercing, excluding finish or decorative mouldings;

- Hinges, for bodies;  
Horns;  
Instrument bezel assemblies;  
Instrument board lamps;  
Instrument board panels of moulded or laminated glass fibres and plastics;  
Instrument panel, glove compartment, luggage compartment, bonnet (hood) compartment, and door step lamps and wire assemblies;
- \* **Locks, electric ignition, steering gear, gear box (transmission), or combinations of such locks;**
  - \* **Mouldings of metal, with nails or prongs set in position, whether or not lead filled;**
  - \* **Ornaments, name or identification plates, letters and numerals, of unplated metal, excluding finish or decorative mouldings;**
  - \* **Petrol (gasoline), oil or air gauges;**
  - \* **Pipes and tubes, rigid, whether or not covered, whether or not with fittings;**
  - \* **Purifiers for petrol (gasoline), including brackets and fittings therefor;**  
Radiator shells, not plated nor metal finished in any degree;
  - \* **Radiator shutter assemblies, automatic;**  
Radiator water gauges;
  - \* **Reclining or swivel seat mechanisms;**  
Refill end discs, perforated filter refill oil board bodies or roll-seam perforated tubes, for oil filters;  
Speedometers;  
Spring covers of metal and closing strips or shapes therefor;
  - \* **Stampings, whether or not with pierce or clinch nuts, body, cowl, front end, bonnet (hood), instrument board, shields or baffles, of uncoated or coated metal, unfinished, whether or not trimmed or welded in any manner before final forming or piercing, but not metal finished in any degree;**  
Steering wheels, rims and spiders therefor;  
Sun visor blanks of gypsum weatherboard;
  - \* **Tachometers, whether or not with tachograph, electric or gear driven;**  
Thermostatic controls;  
Throttle, spark, choke, or bonnet (hood) lock release assemblies;  
Torque converters;  
Universal joint ball assemblies;
  - \* **Windscreen (windshield) or window wipers;**  
Parts of the foregoing . . . . .

43811-1 The provisions of these six tariff items have been retained in Codes  
to 2465 to 2470 inclusive and are prefaced with a common listing of  
48316-1 specific materials and articles.  
(incl.)

It should be noted that this listing is not identical to the provisions of the previous Code 2460, although similar in certain particulars. However, wherever possible, the amendments to the preamble to this group of tariff items (Codes) have been aligned to those of Code 2460 for purposes of consistency and to facilitate comprehension. There are no recommendations affecting the specified conditions of each of the six items as the Board is satisfied that the HS transposition has not altered either the scope or structure.

The Board recommends that the preamble to Codes 2465 to 2470 be amended as follows:

**\* The following materials and articles, under such regulations as the Minister may make:**

- Ammeters;
- Arm rests and wheel housing lining of indurated fibre, pressed to shape, other than for the vehicles of heading No. 87.03 or 87.04;
- \* Auxiliary gear box (transmission) overdrive units and controls therefor;**
  - Axle housings, one piece welded;
  - Bearing spring shackles;
  - Carburetors;
  - Chassis frames and steel shapes for the manufacture therefor;
- \* Cigar and cigarette lighters, whether or not with a cigarette holder, including base;**
  - Composite frame and floor structure, unfinished, of metal;
  - Control ventilator gear box;
- \* Cylinder lock barrels, whether or not with sleeves or keys therefor;**

- Dash heat indicators;
- \* Fluid couplings, whether or not with drive plate assemblies;
- \* Grilles, not plated, whether or not polished before assembly, and parts thereof not plated nor polished after final forming, casting or piercing, excluding finish or decorative mouldings;
- Hinges, for bodies;
- Horns;
- Instrument bezel assemblies;
- Instrument board lamps;
- Instrument panel, glove compartment, luggage compartment, bonnet (hood) compartment, and door step lamps and wire assemblies;
- \* Locks, electric ignition, steering gear, gear box (transmission), or combinations of such locks;
- \* Mouldings of metal, with nails or prongs set in position, whether or not lead filled;
- \* Ornaments or identification plates of metal, unplated, excluding finish or decorative mouldings, other than for past models of the vehicles of heading No. 87.03 or 87.04;
- \* Petrol (gasoline), oil or air gauges;
- \* Pipes and tubes, rigid, whether or not covered, whether or not with fittings, other than for the vehicles No. 8703 or 87.04;
- \* Radiator shutter assemblies, automatic;
- Radiator water gauges;
- \* Reclining or swivel seat mechanisms;
- Refill end discs for oil filters;
- Speedometers;
- Spring covers of metal and closing strips or shapes therefor;
- \* Stampings, whether or not with pierce or clinch nuts, body, cowl, front end, bonnet (hood), instrument board, shields or baffles, of uncoated or coated metal, in the rough, whether or not trimmed or welded in any manner before final forming or piercing, but not metal finished in any degree, other than door pillars, shields and baffles for current model vehicles of heading No. 87.03 or 87.04;
- Steering wheels, rims and spiders therefor, other than for current models of the vehicles of heading No. 87.03 or 87.04;
- Sun visor blanks of gypsum weatherboard;
- \* Tachometers, whether or not with tachographs, electric or gear driven;

- Throttle, spark, choke, or bonnet (hood) lock release assemblies;
- Torque converters;
- Universal joint ball assemblies, other than cross types;
- \* **Windscreen (windshield) or window wipers;**
  - Parts of the foregoing, excluding:
    - \* **blades or refills for windscreen (windshield) or window wipers of the vehicles of heading No. 87.03 or 87.04;**
    - power element cups, guides, pistons, pellets, valves, flanges, top frames, bottom frames and springs, for thermostatic controls;
    - \* **sintered powder metal parts of auxiliary gear box (transmission) overdrive units and controls therefor;**
    - speedometer cables and speedometer cable and housing assemblies;

43817-1 In the following recommendation to amend Code 2475, the Board has aligned a number of provisions to HS preferred terminology while maintaining the scope of the base tariff item 43817-1 and providing nomenclature continuity with previous recommendations noted above.

The Board recommends that Code 2475 be amended as follows:

- \* The following articles for use in the repair of road tractors of tariff item No. 8701.20.00, motor vehicles of heading No. 87.02, motor cars and other motor vehicles of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00, chassis of the foregoing vehicles of heading No. 87.06, or for use in the manufacture of repair parts therefor, under such regulations as the Minister may make:

MFN  
Rate

Arm rests and wheel housing lining of indurated fibre, pressed to shape, for the vehicles of heading No. 87.03 or 87.04;

Door opening weatherseal retainers;

Engine speed governor units;

- Instrument board panels of moulded or laminated glass fibres and plastics;
- \* **Ornaments, name or identification plates, letters and numerals, of unplated metal, excluding finish or decorative mouldings, for past models of the vehicles of heading No. 87.03 or 87.04;**  
Perforated filter refill oil board bodies and roll-seam perforated tubes for oil filters;
  - \* **Pipes and tubes, rigid, whether or not covered, whether or not with fittings, for the vehicles of heading No. 87.03 or 87.04;**  
Power element cups, guides, pistons, pellets, valves, flanges, top frames, bottom frames and springs, for thermostatic controls;
  - \* **Purifiers for petrol (gasoline), including brackets and fittings therefor;**  
Radiator shells not plated nor metal finished in any degree;
  - \* **Sintered powder metal parts of auxiliary gear box (transmission) overdrive units and controls therefor;**  
Speedometer cables or speedometer cable and housing assemblies;
  - \* **Stampings, whether or not with pierce or clinch nuts, baffles, door pillars and shields, of uncoated or coated metal, unfinished, whether or not trimmed or welded in any manner before final forming or piercing, but not metal finished in any degree, for current models of the vehicles of heading No. 87.03 or 87.04;**  
Steering wheels, rims and spiders therefor, for current models of the vehicles of heading No. 87.03 or 87.04;  
Thermostatic controls;
  - \* **Universal joint ball assemblies, cross type;**
  - \* **Windscreen (windshield) or window wiper blades and refills, for the vehicles of heading No. 87.03 or 87.04;**  
Parts of the foregoing, other than parts of thermostatic controls not provided for in this Code . . . . . 8%

43819-1, The provisions of these three tariff items have been retained at  
43820-1 Codes 2480, 2481 and 2482 and are prefaced by a common listing of  
& specific articles.  
43821-1

The Board's review has established that both the preamble and provisions of each Code should be amended and aligned with HS terminology for consistency of the tariff legislation while preserving the scope.

The Board makes the following recommendations for Codes 2480, 2481 and 2482 and the preamble thereto:

- \* The following articles under such regulations as the Minister may make:

MFN  
Rate

- Axles, front and rear;
- Bell or clutch housings for vehicles having a g.v.w. exceeding 8.845 tonnes;
- Brakes, other than brakes ranging in size from 381 mm by 76.2 mm to 419.1 mm by 177.8 mm, and air and hydraulic brakes for current model service of vehicles having a capacity not exceeding 1.82 tonnes;
- Brake drums;
- Clutches, other than single plated clutches of a diameter not exceeding 330.2 mm;
- Continuous control or constant velocity half-shaft drive shafts;
- \* Fuel pumps, not electrically operated, for motor vehicle engines of a cylinder capacity exceeding 4,949.8 cc;
- \* Gear box (transmission) assemblies;
- Hubs;
- Hydraulic or fluid couplings, other than for the vehicles of heading No. 87.04;
- \* Internal combustion engines of a cylinder capacity exceeding 5,703.7 cc;
- \* Linkages and controls for use with clutches, gear box (transmission) assemblies, power dividers or transfer cases;
- Magnetos;
- Power dividers or transfer cases;
- Rims for pneumatic tires exceeding 508 mm by 190.5 mm for tube type tires, or exceeding 571.5 mm by 171.45 mm for tubeless tires;
- \* Road wheels of cast aluminum for tube type tires using rim sizes exceeding 508 mm by 203.2 mm or for tubeless type tires using rim sizes exceeding 571.5 mm by 209.55 mm;
- \* Road wheels of steel, of a diameter exceeding 622.3 mm;

**\* Steering drag links for vehicles having a g.v.w. of 9.072 tonnes or more;**

Steering gears;

Tandem axle suspensions, excluding springs, other than for current models of the vehicles of heading No. 87.04;

Parts of the foregoing, excluding:

Axle shafts for vehicles having a g.v.w. not exceeding 8.845 tonnes;

Brake shoe assembly kits;

**\* Differentials, including axle housings, and sintered powder metal parts for gear box (transmission) assemblies;**

Idler arms, tie rod assemblies and tie rod ends, for steering drag links of vehicles having a g.v.w. exceeding 9.072 tonnes;

**\* Intake or exhaust valves, excluding sodium or sodium and mercury filled valves, for spark-ignition internal combustion engines of a cylinder capacity exceeding 5,703.7 cc;**

**\* Timing chains for internal combustion engines of a cylinder capacity exceeding 5,703.7 cc:**

Code 2480 Amend by adding 'fire fighting' immediately before '...vehicles of tariff item No. 8705.30.00'.

Code 2481 Amend per 2480 above.

Code 2482 (i) Amend per 2480 above.

(ii) The provision for trucks of tariff item 41105-1 in 43821-1 is not readily apparent. Add '...including logging lorries (trucks)' to the provision for '...vehicles of heading No. 87.04, ...'

43824-1 This item, because of the dual nature of its provision, has been transposed to Codes 2485 and 2486.

The Board has identified a number of issues with the proposed HS transposition of this item as contained in the Ways and Means Motion. They are:

- (i) the preamble to the two Codes is not consistent with other 438 series tariff items providing for the same vehicles,
- (ii) the parts exclusions contained in the Budget provision have not been transposed upon conversion, and
- (iii) the engine size has not been aligned to HS terminology.

The Board's recommendation which follows resolves these difficulties without any modification of scope.

- \* The following for use in the manufacture of motor vehicles of heading No. 87.02, ambulances and hearses of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00 or chassis of the foregoing vehicles of heading No. 87.06, under such regulations as the Minister may make:

MFN  
Rate

Code 2485

- \* Spark-ignition reciprocating internal combustion piston engines of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8407.34.00 and parts thereof of tariff item No. 8409.91.94, including sodium or sodium and mercury filled intake or exhaust valves but excluding other intake or exhaust valves . . . . .

8%

Code 2486

- \* Compression ignition internal combustion piston engines (diesel or semi-diesel engines) of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8408.20.90 and parts thereof of tariff item No. 8409.99.93, excluding intake or exhaust valves . . . . .

8%

43825-1 For the reasons cited in 43824-1 above, the Board recommends that proposed Codes 2490 and 2491 be amended in a similar manner, as follows:

- \* The following for use as original equipment for motor vehicles of heading No. 87.02, ambulances and hearses of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00 or chassis of the foregoing vehicles of heading No. 87.06, by a manufacturer of such vehicles and when, during the year in which importation is sought, not less than 40% of the factory cost of production of such vehicles or chassis therefor, not including duties and taxes, is incurred in a country entitled to the benefit of the British Preferential Tariff, under such regulations as the Minister may make:

MFN  
Rate

Code 2490

- \* Spark-ignition reciprocating internal combustion piston engines of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8407.34.00 and parts thereof of tariff item No. 8409.91.94, including sodium or sodium and mercury filled intake or exhaust valves but excluding other intake or exhaust valves . . . . . 5.5%

Code 2491

- \* Compression ignition internal combustion piston engines (diesel or semi-diesel engines) of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8408.20.90 and parts thereof of tariff item No. 8409.99.93, excluding intake or exhaust valves . . . . . 5.5%

43826-1 Again, as for tariff item 43825-1 the Board recommends that proposed Codes 2495 and 2496 be amended in a similar manner, as follows:

- \* The following for use in the repair of the motor vehicles of heading No. 87.02, ambulances and hearses of heading No. 87.03, motor vehicles of heading No. 87.04, fire fighting vehicles of tariff item No. 8705.30.00, chassis of the foregoing vehicles of heading No. 87.06 or for use in the manufacture of repair parts therefor, under such regulations as the Minister may make:

Code 2495

\* Spark-ignition reciprocating internal combustion piston engines of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8407.34.00 and parts thereof of tariff item No. 8409.91.94, including sodium or sodium and mercury filled intake or exhaust valves but excluding other intake or exhaust valves. . 5.5%

Code 2496

\* Compression-ignition internal combustion piston engines (diesel or semi-diesel engines) of a cylinder capacity not exceeding 5,703.7 cc of tariff item No. 8408.20.90 and parts thereof of tariff item No. 8409.99.93, excluding intake or exhaust valves . . . . 5.5%

43829-1 Parts, n.o.p., electro-plated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 42400-1 and 43803-1, including engines, but not including ball or roller bearings, wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber . . . . . 9.2 p.c.

Of concern to Philips Electronics Ltd. was the retention of the MFN rate of duty for headlamps of all kinds, particularly automotive and directional lamps classified to tariff item 43829-1 at MFN 9.2 p.c.

The Board has established that the proposed HS-based Customs Tariff maintains the 9.2% MFN rate for such lamps under tariff subdivisions of heading Nos. 85.12 and 85.39 of Schedule I in the following manner:

		MFN <u>Rate</u>
85.12	Electrical lighting or signalling equipment ... of a kind used for cycles or motor vehicles	
8512.20.00	-Other lighting or visual signalling equipment	9.2%
85.39	Electrical filament or discharge lamps ...	
8539.10	-Sealed beam lamp units	
8539.10.10	---For use with the motor vehicles of Chapter 87 . . . . .	9.2%
8539.29	--Other ---For a voltage not exceeding 31 V	
8539.29.21	----For use with the motor vehicles of Chapter 87 . . . . .	9.2%

Since the MFN rate of duty for such lamps has been maintained the Board makes no recommendation to amend the above proposed tariff item Nos. of Schedule I.

		MFN <u>Rate</u>
44022-1	The following manufactures of iron, brass or other metal for use exclusively in the construction or equipment of the goods enumerated in tariff items 44000-1 to 44009-1 inclusive, under regulations prescribed by the Minister:	
	Clutches, power transmission, over 46 cm, double;	
	Drives, jet, marine, combined with engines;	
	Engine propulsion units, inboard-outboard;	
	Lights, navigation, for vessels exceeding 8 m in length;	
	Locks and bars for boat doors;	
	Motors, hydraulic;	
	Motors, outboard, racing;	
	Outboard parts of inboard-outboard vessels, not including engines;	
	Power transmission equipment, hydraulic, including valves but not including actuators under 282.5 kNm of torque;	
	Power transmission power take-offs;	
	Propellers, marine, outboard or inboard-outboard, not over 23 cm in diameter;	
	Pumps, bilge and water;	

MFN  
Rate

44022-1 (cont.)	Pumps, power, rotary, twin-screw, with capacity in excess of 15 m <sup>3</sup> /m or 406.5 m of water at 40C; Stoves, marine, alcohol, one- or two-burner, for vessels exceeding 8 m in length; V-engine blocks for marine engines other than diesel or outboard; Other, of a class or kind not made in Canada . . . . .	Free
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Proposed Code 2360, for the retention of tariff item 44022-1, was the subject of briefs submitted by Great Circle Trading Company Limited and Revol Agencies Limited.

While Great Circle Trading simply expressed their continued interest in tariff item 44022-1, Revol Agencies suggested that earlier submissions by the pleasure craft industry, for Reference 149 and 157, supporting a broadening of the scope of this provision to encompass '... state of the art technology ...' be reconsidered under the present inquiry. **The Board notes that such a broadening of the item is not within its terms of reference and therefore brings the proposal to expand the coverage of proposed Code 2360 to the attention of the Minister.**

The eo nomine provisions of Code 2360 reflect the recommendations of Reference 157 which were subsequently implemented in the Budget of February 18, 1987. However, during the Board's review of the transposition of this tariff item to Code 2360, a number of technical issues have been identified which, the Board submits, should be rectified in the context of this Phase of Reference 163. While it is acknowledged that Code 2360 is included in Canada's GATT undertakings, minor amendments to certain provisions to overcome the technical anomalies would be both legislatively and administratively beneficial. With this in mind, the Board recommends that Code 2360 be revised with respect to:

- jet drives combined with engines,
- navigation lights for vessels of a length exceeding 8 m,
- locks and bars for boat doors, and
- alcohol stoves ... for vessels of a length exceeding 8 m,

as these are the contentious issues that have been identified during the review.

The Board's recommendation is as follows:

- \* The following, of base metal, for use in the construction or equipment of ships, boats or floating structures of Chapter 89, under such regulations as the Minister may make:

MFN  
Rate

- \* Bilge or water pumps and parts thereof of heading No. 84.13;
- \* Double clutches of a diameter exceeding 46 cm of tariff item No. 8483.60.80 and parts thereof of tariff item No. 8483.90.10 or of tariff item No. 8505.20.00 and parts thereof of tariff item No. 8505.90.00;
- \* Galley stoves of tariff item No. 7321.12.00 and parts thereof of tariff item No. 7321.90.20, single or double burner, which utilize alcohol as a fuel;
- \* Hydraulic power engines and motors of tariff item No. 8412.29.90 and parts thereof of tariff item No. 8412.90.30;
- \* Hydraulic valves and parts thereof of heading No. 84.81 of a kind used for power transmission;
- \* Hydraulic valve actuators exceeding 282.5 kNm of torque of tariff item No. 8412.29.90 and parts thereof of tariff item No. 8412.90.30 of a kind used for power transmission;
- \* Marine jet propulsion units (hydrojets) of tariff item No. 8412.29.90 and parts thereof of tariff item No. 8412.90.30;
- \* Navigation lights of tariff item No. 8531.80.90 and parts thereof of tariff item No. 8531.90.20 that comply with the international Regulations for the Prevention of Collisions, 1972 (Collision Regulations) and Canadian Coast Guard standards therefor;

- \* Outboard racing motors of tariff item No. 8407.21.00 and parts thereof of tariff item No. 8409.91.93;
- \* Power take-offs of heading No. 84.83 and parts thereof of subheading No. 8483.90;
- \* Propellers of a diameter not exceeding 23 cm of tariff item No. 8485.10.00;
- \* Rotary twin-screw power pumps and parts thereof of heading No. 84.13 of a capacity of 303.1 l/s at a pressure of 3,447.4 kPa;
- \* V-engine blocks of tariff item No. 8409.91.94 for the marine engines of subheading No. 8407.29;
- \* Other goods, of a class or kind not made in Canada . . . Free

The provision for 'jet drives combined with engines' has been deleted as investigation has established that due to technical and engineering considerations such a configuration or pre-assembly of the two components is not practical or feasible and therefore would not be presented in a combined format. The Board has been given to understand that the alignment of the drive and engine is a precision operation usually conducted within the hull of the vessel during construction.

The Board's recommendation for Code 2360 removes the 8 m vessel size because such a length stipulation with respect to navigation lights is inconsistent with Coast Guard Regulations and associated standards. Similarly, this qualification for galley stoves has been dropped as industry sources advised that the vessel length is an inappropriate criterion.

Further, the Board reviewed additional literature pertaining specifically to 'locks and bars for boat doors'. It is evident that these articles of basic hardware lack significant characteristics which would serve to identify them as specifically for marine applications or differentiate them from any other types of securing devices used in other applications. Consequently, this provision

has also been deleted, particularly as such devices, if held to be of a class or kind not made in Canada, would be admissible MFN duty free under the residual provision for 'Other, ...' of recommended Code 2360.

MFN  
Rate

Parts, wholly or in chief part of metal, when imported for use in the manufacture of goods entitled to entry under tariff items 41100-1, 41105-1, 41105-2, 41110-1, 42726-1, 42727-1, 42805-1, 42805-2, 42805-3, 42815-1, 42816-1, 42817-1, and 44705-1, and all other materials, wholly or in chief part of metal, when imported for use in the manufacture of goods entitled to entry under these tariff items or under tariff items 42732-1, 42733-1, and 42741-1, under such regulations as the Minister may prescribe:

44205-1 Axles of planetary type for woodland log handling equipment;  
Boiler tubes and tubing, seamless, of cold finished carbon steel, with an outside diameter of less than 17.46 mm or more than 101.6 mm;  
Carburetors and ignition systems for wood-working chain saws;  
Clutches, double, over 457.2 mm for power transmission;  
Diesel engines of a power not exceeding 74.6 kW per cylinder or of a power exceeding 207.3 kW per cylinder or a displacement of less than 8 193.5 cm<sup>3</sup> per cylinder and semi-diesel engines;  
Mechanical tubing, seamless, of alloy steel, except stainless steel, with an outside diameter of less than 4.76 mm or more than 177.8 mm;  
Parts of ball or roller bearings, namely: bearing wire, cages or snap retainers, seals, shields, snap rings;  
Parts of gas turbines, steam turbines or sub-assemblies thereof, namely:  
actuators, servomotors and governors;  
blades and buckets larger than 203.2 mm for rotating elements;  
castings for rotating blades and buckets;  
castings for stationary blades, vanes and nozzles, or multiples thereof;  
fluid film journal and thrust bearings;  
forgings for rotating blades and buckets;  
forgings, rough-machined, for discs, wheels and torque tubes;

forgings, rough-machined, for rotors, shafts and  
 spindles, vertically heat treated and/or heat  
 indication tested;  
 fully-machined blades, blade diaphragms, rotors,  
 shafts and spindle discs for steam turbines with  
 ratings of over 59 656 kW, or for gas turbines  
 with ratings of less than 5 965.6 kW or more than  
 44 742 kW;  
 sensing and trip devices for speed, temperature,  
 pressure and vibration;  
 trip and throttle valves;  
 Parts of outboard motors and stationary steam engines;  
 Plates of stainless steel, not less than 4.76 mm in  
 thickness and more than 1 828.8 mm in width;  
 Pressure pipes and piping and pressure tubes and  
 tubings, seamless, of alloy steel, except stainless  
 steel, with an outside diameter of less than 4.76 mm  
 or more than 177.8 mm;  
 Pressure pipes and piping, seamless, of hot-finished  
 carbon steel, with an outside diameter of less than  
 25.4 mm or more than 339.73 mm;  
 Pressure pipes and piping, welded, of carbon steel, with  
 an outside diameter of less than 12.7 mm or more than  
 114.3 mm;  
 Sheets of nickel-chromium alloy;  
 Transmissions for log loaders of tractor type and for  
 log skidders;  
 V-engine blocks for marine gasoline engines other than  
 diesel and outboards;  
 Other, of a class or kind not made in Canada;  
 Parts of all the foregoing . . . . . Free

Tariff item 44205-1, as amended in the Budget of February 18, 1987,  
 has been retained at Code 1940 of Schedule II to the revised Customs  
 Tariff.

Although Canadian Timken Limited, Combustion Engineering Canada  
 Inc., FAG Bearings Limited, Finning Tractor & Equipment Company  
 Limited and SKF Canada Limited expressed specific concerns with  
 certain aspects of the HS conversion of this tariff item, the Board  
 has reviewed the entire provision.

As a result of the analysis of the specific provisions of proposed Code 1940 it is evident that the transposition is neutral in scope since all eo nomine provisions have been retained. However, the review has also determined that, as presented in Schedule II of the Ways and Means Motion of October 2, 1987, the Code would benefit from revision to provide a clear and logical structure, an alignment to preferred HS terminology, an improvement in product identification as well as the elimination of incorrect or redundant tariff item No. references.

Therefore, the Board recommends that Code 1940 be changed to read as follows:

- \* The following materials and articles, wholly or principally of metal:

MFN  
Rate

- \* Flat-rolled products of heading No. 72.19, not less than 4.76 mm in thickness and exceeding 1,828.8 mm in width;
- \* Bearing wire of heading No. 72.29 for ball or roller bearings;
- \* Tubes and pipes of tariff item No. 7304.31.00 of an external diameter less than 17.46 mm or exceeding 101.6 mm, for boilers;
- \* Mechanical or pressure tubes and pipes of tariff item No. 7304.51.00 or 7304.59.00 of an external diameter less than 4.76 mm or exceeding 177.8 mm;
- \* Pressure tubes and pipes of tariff item No. 7304.39.00 of an external diameter less than 25.4 mm or exceeding 339.7 mm;
- \* Pressure tubes and pipes of tariff item 7305.31.10 or 7306.30.00 of an external diameter less than 12.7 mm or exceeding 114.3 mm;
- \* Sheets of nickel-chromium alloy of tariff item No. 7506.20.90;
- \* Cages, seals, shields, snap retainers and snap rings of tariff item No. 8482.99.10;
- \* Compression-ignition internal combustion piston engines (diesel engines) of heading No. 84.08, of a power not exceeding 74.6 kW per cylinder or of a power exceeding 207.3 kW per cylinder regardless of cylinder capacity, or with a capacity of less than 8,193.5 cc per cylinder and parts thereof of heading No. 84.09;

- \* Compression-ignition internal combustion piston engines (semi-diesel engines) of heading No. 84.08 and parts thereof of heading No. 84.09;
- \* V-engine cylinder blocks of tariff item No. 8409.91.94 for the marine propulsion engines of tariff item No. 8407.29.20;
- \* Parts of stationary steam engines of tariff item No. 8412.90.30 or 8412.90.50;
- \* The following articles for steam turbines of heading No. 84.06, gas turbines of heading No. 84.11 or for sub-assemblies for such turbines:
  - \* Actuators and parts thereof;
  - \* Blades or buckets of a length exceeding 203.2 mm for rotating elements;
  - \* Castings of stationary blades, vanes and nozzles or multiples thereof;
  - \* Castings or forgings of rotating blades or buckets;
  - \* Forgings, rough-machined, of discs, wheels or torque tubes;
  - \* Forgings, rough-machined, of rotors, shafts or spindles, vertically heat treated or heat indication tested;
  - \* Fluid-film journal or thrust bearings and parts thereof;
  - \* Fully-machined blades, blade diaphragms, rotors, shafts or spindle discs for steam turbines with ratings exceeding 59,656 kW or for gas turbines with ratings of less than 5,965.6 kW or exceeding 44,742 kW;
  - \* Governors and parts thereof;
  - \* Sensing or trip devices and parts thereof for regulating speed, temperature, pressure or vibration;
  - \* Servomotors and parts thereof;
  - \* Trip or throttle valves and parts thereof;
- \* Double clutches of tariff item No. 8483.60.80 of a diameter exceeding 45.72 cm and parts thereof of tariff item No. 8483.90.10;
- \* Carburetors of tariff item No. 8409.91.94, electrical ignition equipment and parts thereof of heading No. 85.11 for chain saws of tariff item No. 8467.81.00;
- \* Gear boxes (transmissions) of tariff item No. 8708.40.90 for log loaders of the tractor type or for tractors of a kind used in hauling logs (log skidders);
- \* Planetary axles and parts thereof of tariff item No. 8708.50.90 or 8708.60.90 for log handling equipment;
- \* Other materials and articles of a class or kind not made in Canada:

MFN  
Rate

For use in the manufacture, under such regulations as the Minister may make, of:

Nuclear reactors of tariff item No. 8401.10.00 or parts thereof of tariff item No. 8401.40.00;

Boilers or parts thereof of heading No. 84.02;

Engines of tariff item No. 8407.29.20, 8407.90.90, 8408.10.20, 8408.90.90 or 8412.80.90 or parts thereof of heading No. 84.09 or of tariff item No. 8412.90.50;

Steam turbines of tariff item of tariff item No. 8406.19.00 or parts thereof of tariff item No. 8406.90.30;

Gas turbines of tariff item No. 8411.81.90 or 8411.82.90 or parts thereof of tariff item No. 8411.99.20;

Sand cast rolls or chilled cast rolls of tariff item No. 8420.91.20 or 8455.30.10;

Machinery<sup>(1)</sup> or parts thereof of Chapter 84 to be employed in logging;

Cylinder stave saws of tariff item No. 8465.91.10 or parts thereof of tariff item No. 8466.92.10;

Machinery or parts thereof of tariff item No. 8465.91.90 or 8466.92.90, to be employed in sawmills for sawing lumber;

Wheel type stave jointers, crozing machines or champhering machines of tariff item No. 8465.99.10 or parts thereof of tariff item No. 8466.92.10;

Ball or roller bearings or parts thereof of heading No. 84.82;

Vehicles, to be employed in logging, of heading No. 86.06, tariff item No. 8701.90.11 or heading No. 87.04 or parts thereof of heading No. 86.07 or 87.08;

Trailers of tariff item No. 8716.39.50 or parts thereof of tariff item No. 8716.90.40 for self-propelled logging trucks of heading No. 87.04;

Captive balloons, to be employed in logging, of tariff item No. 8801.90.10 or parts thereof of tariff item No. 8803.90.20 . . . . .

Free

(1) Incorporates Schedule II provision for 'Pulley tackle or hoists, or parts thereof ...'.

44300-3 Although a brief submitted on behalf of CAMCO Inc.<sup>(1)</sup> addressed  
& the HS conversion of tariff item 44300-3 and a possible increase in  
(44300-10) the MFN rate of duty as a result, it is evident to the Board that  
since the concern pertained to parts for domestic electric stoves  
and ranges, tariff item 44300-10 must also be considered.

The provisions are as follows:

		MFN Rate
	Apparatus, and <u>parts</u> thereof, for cooking or for heating buildings, not to include commercial food processing machines, namely, continuous pressure and atmospheric preheaters and cookers, and parts thereof, for sterilizing or for cooking or for both sterilizing and cooking food products in hermetically sealed containers:	
44300-3	<u>Parts</u> , other than heating elements, of electric stoves or ranges . . . . .	11.4 p.c.
	Apparatus for cooking, designed for household use; <u>parts</u> thereof:	
44300-10	Other than the following . . . . .	12.6 p.c.

The Board notes that neither provision was retained in the Schedule II concessionary provisions but rather under various tariff subdivisions of Chapter 85, particularly heading Nos. 85.14 for industrial furnaces and ovens and 85.16 for domestic cooking apparatus.

Given the current Customs Tariff provisions, produced above, the classification of parts of household apparatus for cooking, whether gas, electric or other fuel, would fall under tariff item 44300-10 by the application of the principle of specificity, thereby

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(1) The Board notes that the decision rendered in TB Appeal 2594 has been appealed to the Federal Court. If upheld, consequential amendments to the applicable Schedule I provisions will be required.

attracting an MFN rate of 12.6 p.c. The Board's review has established that this rate has been maintained in the applicable tariff subdivisions of Schedule I and therefore no recommendation to amend the MFN rate of duty is necessary.

44504-4 Tariff item 44504-1, the third item of concern to Philips Electronics Limited, provides for infra-red lamps over 31 volts at MFN 11.3 p.c. However, Philips advised that when such lamps are for use in poultry brooders a free MFN rate of duty applies based on classification under tariff item 40924-1. The company requested that this concessionary consideration be maintained in the revised HS-based Customs Tariff.

The Board is satisfied that this free rate will be maintained. Analysis has revealed that tariff item 44504-4 was allocated exclusively to Schedule I, tariff item No. 8539.40.20 at 11.3% MFN, ensuring a neutral conversion. Poultry brooders are classified to proposed tariff item No. 8436.21.00, MFN Free and parts of such brooders to 8436.91.00, also MFN Free. However, in accordance with the parts principle of Section XVI, Note 2 (a), the infra-red lamp is to be classified in its respective heading (per above) and in no other provision. Although infra-red lamps are specifically provided for in Schedule I, the MFN duty free rate is maintained by the application of Schedule II Code 2000 which provides, in part, for articles (i.e. lamps) for use in certain agricultural machinery which includes poultry brooders of 8436.21.00. **Thus, since the concern of Philips is met by the application of Code 2000, the Board makes no recommendation.**

Transistors and other semiconductor devices; parts thereof; materials for use in the manufacture thereof:

44544-1      Other than the following . . . . . Free

A concern with the HS conversion of semiconductor devices and parts thereof of tariff item 44544-1 was contained in briefs submitted by the Information Technology Association of Canada (formerly CBEMA) and on behalf of the Electronic Industries Association of Japan.

Tariff item 44544-1 was allocated, in part, to the various MFN duty free tariff subdivisions of heading Nos. 85.41 and 85.42 in accordance with the principle of Section XVI, Note 2(a). Heading No. 85.41 provides for semiconductor devices, whether or not assembled in modules or made up into panels and parts thereof, whereas 85.42 provides for electronic integrated circuits and microassemblies and parts thereof. The tariff subdivisions proposed in Schedule I maintain the free MFN rate of duty for those goods presently classified to 44544-1.

The Board notes, however, that there are exceptions with respect to certain assemblies consisting of a number of electronic microcircuits which are to be classified as a part (of a machine) and not in heading No. 85.42. As an example, an assembly of electronic microcircuits mounted on an appropriately shaped carrier and designed as part of digital data processing machine storage is to be classified to heading No. 84.73 as a part of a machine classified in 84.71. Analysis has established that assemblies of this kind are not classified under 44544-1, but as a part, similar to the approach of the Harmonized System. Using the above machine storage as an example, an assembly of microcircuits designed for such a device would be classified as a part under tariff item 41417-1, at

3.9 p.c. MFN, of the 1987 Customs Tariff and not 44544-1. Tariff item No. 8473.30.20, also at 3.9% MFN, of the revised HS-based Schedule I provisions would be the equivalent classification and would therefore maintain the MFN rate of duty.

As a result, the Board is satisfied that the MFN rate of duty for the semiconductor devices of 44544-1 has been maintained in a neutral manner in the provisions of Schedule I and therefore makes no recommendation.

MFN  
Rate

44599-1	Machinery and apparatus; accessories, attachments, control equipment and tools for use therewith; parts of all the foregoing; the foregoing not to include laser equipment, water or waste treatment equipment, reverse osmosis equipment for the demineralization or deionization of water, laminar flow clean air work stations, fume hoods, clean rooms, wet processing benches or stations for use in clean rooms, high efficiency particulate air filter modules, laminar flow modules, electronic work tables, passthrough chambers for clean rooms, room pressurization or air flow monitors, acrylic storage boxes, and parts thereof; all the foregoing for use directly in the design, development, testing or manufacture of semiconductor devices . . . . .	Free
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Both the Information Technology Association of Canada and Northern Telecom Canada Limited noted that tariff item 44599-1 had been omitted from the proposed Schedule of concessionary provisions issued in January, 1987 and requested that this omission be rectified.

The Board notes that this provision has indeed been retained as Code 1695 of Schedule II of the Notice of Ways and Means Motion, October 2, 1987. This proposed transposition of 44599-1 has been used as the basis for this Report.

In order to assess the accuracy of the provisions of Code 1695, the Board had the opportunity to consider technical literature pertaining to the specific machinery and apparatus precluded from the duty free provisions of 44599-1. As a result, the Board is satisfied that the proposed Code effectively maintains the present coverage, with one minor exception. **Parts for the excluded machinery and apparatus have been omitted from the specific exclusions of Code 1695; the Board recommends that this parts exclusion be retained.**

Furthermore, the Board sees an advantage in restructuring the Code to facilitate comprehension by replacing the term 'equipment' in the listing of excluded goods by the term 'machinery and apparatus' to be consistent with the terms of the heading, and by alphabetizing the exclusions.

The Board recommends therefore the following:

	<u>MFN</u> <u>Rate</u>
* Machinery, apparatus and parts thereof of Chapter 84, 85 or 90 to be employed in the design, development, manufacture or testing of semiconductor devices, but excluding:  air flow monitors; laser machinery and apparatus; reverse osmosis machinery and apparatus for demineralizing or deionizing water; room pressurization indicators, ventilating hoods (fume hoods); water or waste treatment machinery and apparatus; parts of the foregoing machinery and apparatus . . . . .	Free

The above recommendation retains all the specific exclusions of 44599-1 since acrylic storage boxes, electronic work tables, clean rooms, etc., are classified elsewhere in the provisions of Customs Tariff Schedule I, and not in Chapter 84, 85 or 90.

47835-1	Alternating pressure mattresses; canes and crutches; ceiling projectors and prismatic glasses, for reading; oscillating beds, mechanical percussors for postural drainage treatment; patient-lifters; powered feeders, powered page-turners; <u>pressure-gradient elastic supports made to order for an individual in accordance with the written prescription of a registered health professional</u> ; attachments and accessories for the foregoing; <u>parts of all the foregoing</u> . All the foregoing when imported for the use of a disabled person or of a public hospital, under such regulations as the Minister may prescribe . . . . .	Free
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The Canadian Textiles Institute expressed a concern with the conversion of the provision for 'pressure-gradient elastic supports', which, in proposed Code 2522 is limited to certain hosiery of heading No. 61.15. The Institute was of the opinion that the 47835-1 provision for these products was more extensive than presented in Code 2522.

Subsequent review of present Customs administration and technical literature supports the Institute's contention, in that, for example, pressure-gradient burn garments such as vests, body briefs, gloves, girdles, leotards, etc., are admissible under this provision of 47835-1.

A review of the HS nomenclature has established that indeed certain stockings/hosiery are to be classified to heading No. 61.15 but the application of Code 2522 would retain the duty free MFN rate of 47835-1. However, other supports of the type or kinds noted above would fall to heading No. 90.21 as '... other appliances which are worn or carried ..., to compensate for a defect or disability'. This classification is confirmed by many examples of orthopaedic appliances specified in the applicable Explanatory Note. Furthermore, Chapter 61, Note 2(c) excludes such appliances. As a result,

the Board is satisfied that MFN free rate for pressure-gradient elastic supports other than hosiery are provided for under Schedule I, tariff item No. 9021.19.30, without recourse to Schedule II provisions, as 'Other orthopaedic or fracture appliances'. **Consequently, no recommendation to amend Code 2522 is warranted.**

MFN  
Rate

Machinery and apparatus for use in exploratory or discovery work in connection with oil or natural gas wells or for the development, maintenance, testing, depletion or production of such wells up to and including the wellhead assembly or surface oil pumping unit; well-drilling machinery and apparatus for use in the exploration, discover, development or operation of potash or rock salt deposits; these provisions shall not include geophysical precision instruments and automotive vehicles or chassis on which the machinery and apparatus are mounted:

49102-1	Blow-out preventers; Crown blocks and travelling blocks; Elevators and elevator links; Fishing tools; Flanged casing heads; Masts or <u>derricks for drilling</u> , servicing or work-over rigs; Rotary tables; Screwed casing heads for surface casings exceeding 10 3/4 inches in outside diameter, or rated for service in working pressures exceeding 2,000 pounds per square inch W.O.G. (water, oil, gas); Swivels; <u>Well logging equipment</u> ; <u>Well perforating equipment</u> ; Wellhead valves over 3 inch nominal size, or rated for service in working pressures exceeding 2,000 pounds per square inch W.O.G. (water, oil, gas); Well-packers; <u>Parts of all the foregoing . . . . .</u>	Free
49105-1	Bolted steel tanks; <u>Equipment for testing/inspecting physical properties</u> ; Filter presses; Flexible metal tubing, non-electric;	

MFN  
Rate

49105-1 (cont.)	<u>Pressure maintenance or other formation pressure</u>	
	<u>improvement equipment</u> other than heat exchangers,	
	air coolers, steam generators, economizers or	
	process vessels;	
	Pressure measuring/controlling instruments;	
	Roller chain: power transmission, conveyor, and offset	
	sidebar types;	
	Scientific equipment for oceanographic exploration and	
	discovery work;	
	<u>Seismic instruments other than geophone stringers</u>	
	<u>imported in any configuration;</u>	
	Surveying instruments;	
	<u>Parts of all the foregoing, other than wing unions for</u>	
	<u>pressure maintenance or other formation pressure</u>	
	<u>improvement equipment . . . . .</u>	Free

Concerns with the HS conversion of the underlined provisions of the above tariff items, as proposed in Codes 1550 to 1559 inclusive, were expressed in briefs submitted by the Petroleum Services Association of Canada and Canamara-United Supply Limited.

In reviewing the points raised in their submissions, the technical documentation submitted therewith and as a result of subsequent discussions with the Association and Customs officials responsible for the administration of the above provisions, the Board concurs that proposed Codes 1550 to 1559 inclusive, as proposed in Schedule II of the October 2, 1987 Ways and Means Motion do not satisfactorily retain the present coverage and MFN duty free rate.

Consequently, the Board makes the recommendation to delete proposed Codes 1550 to 1559 inclusive and add:

- \* The following to be employed in the exploration, discovery, development, maintenance, testing, depletion or production of oil or natural gas wells or on drilling machinery to be employed in the exploration, discovery, development or operation of potash or rock salt deposits, excluding motor vehicles, motor vehicle chassis and parts thereof of Chapter 87 and geophysical instruments of heading No. 90.15:

		MFN Rate
*1550	Mobile drilling derricks (rigs) of tariff item No. 8705.20.00 and parts thereof . . . . .	Free
*1551	Well logging machinery, apparatus and parts thereof . . .	Free
*1552	Well perforating machinery, apparatus and parts thereof. .	Free
*1553	Well fracturing machinery, apparatus and parts thereof . .	Free
*1554	Formation pressure maintenance and formation pressure improvement machinery excluding heat exchangers, air coolers, steam generators, economizers or process vessels; parts thereof excluding wing unions . . . . .	Free
*1555	Seismic instruments and parts thereof, excluding geophone stringers in any configuration . . . . .	Free
*1556	Instruments, apparatus and parts thereof of heading No. 90.27 for physical or chemical analysis of drilling mud, acidizing fluids, fracturing fluids or well cement, excluding pH meters . . . . .	Free
*1557	Flexible tubing of tariff item No. 8307.10.00 or 8307.90.00 . . . . .	Free
*1558	Fishing tools of Chapter 84; parts thereof of Chapter 82 or 84 . . . . .	Free
*1559	Engines of tariff item No. 8407.90.90 or 8408.90.90 and mechanical or electrical power transmission machinery for operating mud (slush) pumps, winches (draw works) or rotary tables . . . . .	Free
*1560	Mud (slush) pumps of a power of 745 kW or less of tariff item No. 8413.50.90 . . . . .	Free
*1561	Winches (draw works) of tariff item No. 8425.31.00 or 8425.39.90 . . . . .	Free
*1562	Hydrodynamic brakes and parts thereof of tariff item No. 8431.10.20 . . . . .	Free
*1563	Well packers of tariff item No. 8479.89.90 and parts thereof of tariff item No. 8479.90.60 . . . . .	Free
*1564	8-way rotary selector valves and parts thereof of heading No. 84.81; actuators and parts thereof of heading No. 84.12 . . . . .	Free

MFN  
Rate

- \*1565      Wellhead valves and parts thereof, exceeding 7.62 cm nominal size or rated for service in working pressures exceeding 13,790 kPa W.O.G. (water, oil, gas), of heading No. 84.81 . . . . . Free
- 51155-1    In its Phase IV brief of July, 1986 the Canadian Textiles Institute commented on the tariff classification and HS conversion of ropes used in gymnastics or athletics which, the Institute believed, were admissible under the duty free provisions of tariff item 51155-1.

By way of a final clarification on this issue, the Board has determined that neither rope nor gymnastic/athletic articles of rope are, or have been, admissible under this provision, as such goods have not been designated by Order of the Governor in Council as specified in 51155-1. (See D10-9-4 for goods designated by Order).

Therefore, the regular tariff item Nos. of Schedule I would prevail, whether tariff subdivisions of heading No. 56.07 which applies to rope, or of heading No. 95.06 for articles and equipment for gymnastics, athletics, etc. **As a consequence, the Board makes no recommendation to amend the applicable HS provisions.**

MFN  
Rate

Woven fabrics, wholly of cotton:

- 52208-1      Not coloured, for use in the manufacture of ribbons for typewriters, calculators, or other office appliances .      Free

The Canadian Textiles Institute requested that, since 52208-1 provides for both unbleached and bleached woven fabrics, proposed Code 1820 should be adjusted to include the fabrics of tariff item Nos. 5208.11.90 and 5806.31.10 in order to maintain an equivalent scope.

The Board has noted that the request has been accepted, in part, as Code 1820, as presented in the October 2, 1987 Notice of Ways and Means Motion, includes a reference to the woven fabrics of tariff item No. 5806.31.10. Additional analysis with respect to the inclusion of 5208.11.90 has determined that there have been no significant trade levels in the 1980-82 base year period, or in subsequent years, of such fabrics for use in the production of the ribbons specified in 52208-1. As the trade levels do not meet the criterion for restoration of a provision as established by the Board in previous Phases of this Reference<sup>(1)</sup>, **no further amendment is recommended and the terms of proposed Code 1820 are deemed to be a satisfactory transposition.**

MFN  
Rate

53225-1	Woven fabrics composed wholly or in part of yarns of wool, imported in the web in lengths of not less than 4.5 m each, for use exclusively in the manufacture of neckties, matching necktie and pocket puff sets, scarves or mufflers, but not including such fabrics for use as interlining . . . . .	1.7 p.c.
	In the case of such fabrics weighing not more than 305 g/m <sup>2</sup> , the total duty leviable shall not be in excess of . . . . .	Free

(1) Affected trade must be at least 1% of the total trade under the current Customs Tariff item, in this case 52208-1.

The Canadian Textiles Institute requested that the proposed basis weight of 300 g/m<sup>2</sup> be deleted and 305 g/m<sup>2</sup> as specified in the present provision be retained in Codes 1015 and 1016 to maintain equivalent coverage. These Codes were contained in the list of Concessionary Provisions, dated January 1, 1987.

Further review by the Board has established that Codes 1015 and 1016 represented an erroneous conversion as a consequence of a structural error in the present Customs Tariff Consolidation. Based on the applicable provision contained in the Multilateral Trade Negotiation rate reductions as specified in the Ways and Means Motion of June 2, 1980, the basis weight qualification ceased to be a factor in the determination of the MFN rate of duty, effective January 1, 1987. Consequently, all woven fabrics are admissible duty free when meeting the specifications and end uses provided for in tariff item 53225-1.

The Board notes that this conversion oversight has been corrected by the appropriate amendments to Code 1015 of Schedule II of the Ways and Means Motion of October 2, 1987 and by deleting Code 1016 from that Schedule.

As amended, however, Code 1015 introduces an additional issue. Whereas 53225-1 provides for woven fabrics for the manufacture of '... scarves or mufflers...', proposed Code 1015 has introduced a provision for the importations of scarves in addition to woven fabrics. Scarves are specifically provided for in a number of tariff subdivisions of heading No. 62.14 with MFN rates of duty of 12.5% to 25%, depending upon the textile material. For Code 1015 to extend MFN duty free entry for scarves, otherwise admissible under the dutiable provisions of heading No. 62.14 of Schedule I, is unacceptable to the Board as it introduces a significant decrease of MFN rates applicable under present Customs Tariff provisions and

maintained under heading No. 62.14. For example, a scarf of silk classified to tariff item No. 6214.10.00 (12.5% MFN) by virtue of the application of Interpretative Rule 1 or 2(a), would if for use in the 'manufacture of a scarf', be admissible MFN duty free by the application of Code 1015 as proposed. **Therefore, the Board recommends that the term "scarves" be deleted from proposed Code 1015 in order to preserve the current MFN rates for such articles of apparel. In addition, the Board recommends that, if the intent of this provision was to extend a concessionary MFN rate to certain goods having the character of unfinished or incomplete scarves, a new Code should be introduced that would not conflict with existing Customs Tariff provisions or contravene the Interpretative Rules of the HS.**

		MFN Rate
53230-1	Woven billiard cloth composed wholly or in part of wool or hair; melton cloth for use in the manufacture of tennis balls . . . . .	20 p.c.

The Canadian Textiles Institute noted that the 20% MFN rate had been satisfactorily retained in Schedule I under tariff item Nos. 5112.19.10 and 5112.30.10, both of which provide for 'billiard cloth'.

The provision for 'melton cloth', however, has not been carried forward in the revised Customs Tariff. Analysis has established that trade in this commodity was insignificant in the base year period (1980 - 1982) and also in more recent years. **Therefore, the Board concurs with the decision to allow this provision of 53230-1 to lapse as such action is consistent with the Board's mandate.**

MFN  
Rate

Press blankets or blanketing:

53415-1      For use with offset printing presses . . . . . 12.5 p.c.

The transposition of tariff item 53415-1 was of concern to the Canadian Textiles Institute, as the Institute was unclear as to the disposition of this provision in the HS Schedule.

Analysis has established that 53415-1 has been allocated entirely, without recourse to Schedule II, to tariff item No. 5911.90.11, 12.5% MFN, of Schedule I under the provision for:

MFN  
Rate

5911.90.11      ---Blankets, blanketing or lapping  
-----Of a kind used on offset printing  
                 machinery . . . . . 12.5%

The Board is satisfied that the above is a neutral conversion, both in coverage and rate of duty and makes no recommendation in this instance.

MFN  
Rate

54015-1      Vegetable fibres, horse hair, and mixtures of vegetable  
                 fibres and horse hair, for use in the manufacture of  
                 brooms and brushes . . . . . Free

While the Canadian Textiles Institute did not voice a particular concern with respect to the HS conversion of this provision, the Board would like to clarify its disposition in the revised Customs Tariff.

Whereas the Institute was of the opinion that the item was retained in Chapter 53, the actual revised Customs Tariff provisions are tariff item Nos. 0503.00.90 and 1403.90.00. Both items attract an MFN free rate of duty and apply to the goods classified currently to item 54015-1.

**Therefore, no recommendations are required for this neutral conversion.**

	MFN Rate
56020-1 Man-made fibres, not exceeding 30 cm in length, for use in the manufacture of carpets . . . . .	8.5 p.c.
(56005-1) Man-made fibres not exceeding 30 cm in length . . . . .	8.5 p.c.

While the Canadian Textiles Institute was satisfied that the MFN rate of duty of 8.5% was preserved in the applicable tariff subdivisions of Chapter 55, a concern was expressed with the proposed BP and GPT rates of duty.

Since issues concerning rates of duty for tariff treatments other than MFN is an ex-mandate problem, the Board brings it to the Minister's attention, particularly as the GPT does not apply to 56020-1 of the present Customs Tariff.

The Board notes that the end-use qualification of 56020-1 has not been retained on the basis that this provision and that of the 'parent' Customs Tariff item (56005-1) have the same MFN rate of duty, effective January 1, 1987. **Consequently, the Board finds this conversion acceptable.**

MFN  
Rate

56255-1      Fabrics for use in the manufacture of screens for printing      Free

This end use provision has been retained as Code 1825 of the October 2, 1987 Ways and Means Motion, Schedule II.

Notwithstanding the broadness of the term fabrics, item 56255-1 was limited to importations of silk and of synthetic filament yarn, classifiable in the HS to heading Nos. 50.07 and 54.07 respectively. However, silk fabrics are MFN free in 50.07, and therefore Code 1825 was required to provide a concessionary rate of duty only with respect to fabrics of synthetic filament yarn only.

The Board notes that the Canadian Textiles Institute did not comment adversely on the more restrictive scope of Code 1825 imposed by a single heading reference. Furthermore, a review of recent trade under this item supports limiting the Code to fabrics of synthetic filament yarn and, as a result, **a recommendation to amend Code 1825 is not required.**

MFN  
Rate

56505-1      Wick, braided or not, with or without core, processed or  
                 not, for use in the manufacture of wax candles or tapers  
                 or for use in oil-burning . . . . . Free

The wick classified to this tariff item is specifically provided for in proposed Schedule I tariff item No. 5908.00.00, 22.2% MFN, to which 56505-1 was exclusively allocated on HS transposition.

The Board's analysis, however, has determined that the concessionary MFN rate of free has been maintained as Code 2930 of Schedule II, with an equivalent scope.

One amendment is recommended. The term 'to be employed in' has replaced the second 'for use in' provision of the present tariff item. Since the wicks would be attached or incorporated in the specified lamps, the Board recommends that this term be retained as it would be consistent with the definition at Section 4 of the revised Customs Tariff Act.

Amend Code 2930 as follows,

'—, for use in oil-burning sanctuary lamps'.

		MFN Rate
56930-1	Hat braids, whether woven, knitted or plaited, not exceeding 152 mm in width, for use in the manufacture of hat bodies or shapes, but not for use in the ornamentation or trimming of such bodies or shapes . . . . .	Free

The Canadian Textiles Institute noted its interest in the conversion of this concessionary tariff item but voiced no objection at the proposed conversion as Code 1010, which retains the MFN duty free rate.

Following further analysis, the Board recommends that Code 1010 be amended by adding a reference to tariff item No. 5901.90.90, as this item is identified as one of the three allocations of 56930-1. This addition would ensure that the coverage is maintained, since, as proposed, the scope is more restrictive than under the present tariff item.

The Board, therefore, recommends that Code 1010 be amended as follows:

'Hat braid, ... tariff item No. 4601.10.00, 5808.10.00 or 5901.90.90, for use in ...'

MFN  
Rate

69605-1	Apparatus, utensils and instruments (excluding glassware and excluding goods enumerated in tariff items 41100-1, 42700-1, 42700-2, 42700-3, 42700-4, 42700-5, 42700-9, 42700-10, 42700-11, 42700-12, 42700-13, 42700-14, 42700-15, 42700-16, 42701-1, 42701-2 or 42701-3) that are not available from production in Canada; parts of the foregoing . . . . .	Free
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All the foregoing when for use ...

In a brief submitted under the earlier Phase III, the Canadian Textiles Institute did not raise any specific issues with the HS transposition of this tariff item but supported complete retention in its present form and scope.

The Board has reviewed the conversion of this most important concessionary provision in detail, and is satisfied that the MFN duty free entry for apparatus, utensils, instruments and parts thereof has been accomplished by Code 1760 in a neutral manner, with only consequential textual adjustments necessary to give effect to the HS and associated enabling legislation. Furthermore, the specific exclusions have been maintained, as Chapter 70 pertains to glassware and the reference to 'Division III of Part II of this Act' pertains to goods subject to the Machinery Remission Program which is the equivalent of the seventeen tariff items specified in 69605-1.

Based on the analysis, no recommendations are required, as the present provisions of 69605-1 and associated user requirements have been carried forward without modifications of a substantive nature.

MFN  
Rate

85005-1	Containers, and parts thereof, for use in producing or manufacturing the chemicals and preparations of heading 93811 . . . . .	7.5 p.c.
---------	--	----------

Du Pont Canada Inc. was concerned that proposed concessionary Code 0240 did not include containers and parts thereof of glass and of metal as only those of plastic are referenced by heading No. 39.23 and tariff item No. 3926.90.90. This, Du Pont contended, may be too restrictive.

Analysis of the revised supporting Cross-References indicates that indeed 85005-1 was allocated to two additional tariff subdivisions of Chapter 73, namely tariff item Nos. 7310.10.90 and 7310.29.99. Furthermore, review has established that trade has occurred in metal containers and parts in recent years. Such is not the case with respect to glass containers.

As a result, to ensure that metal containers and parts are afforded the 7.5 p.c. rate of present tariff item 85005-1, the Board recommends that proposed Code 0240 be amended as follows by adding:

'... or of tariff item No. 3926.90.90, 7310.10.90 or 7310.29.99 ...'

MFN  
Rate

85400-1	Materials and parts, entering into the cost of calcium cyanide, potassium cyanide or sodium cyanide, for use in the manufacture of calcium cyanide, potassium cyanide or sodium cyanide . . . . .	Free
---------	---	------

Cyanamid Canada Inc. drew the Board's attention to their concern that tariff item 85400-1 had not been carried forward either in Schedule I or Schedule II of the revised Customs Tariff. The firm requested that this provision be retained.

The Board noted that in the recent amendments to Schedule II, particularly in the October 2, 1987 Notice of Ways and Means Motion, a modified version of this tariff item has been introduced as Codes 0310 to 0314 inclusive. Whereas 'materials and parts' are specified in the current provision, the proposed Codes of Schedule II identify specific commodities and articles, linked to tariff item Nos. and/or subheading Nos. of Schedule I.

Subsequent to the Phase V hearing, Union Carbide Canada Limited advised that the graphite electrodes of proposed Code 0314 were produced by one of their Canadian plants and requested that this Code be excluded as such a provision for MFN duty free entry of such electrodes would impose negative consequences on this operation. While the Board is receptive to the concern expressed by Union Carbide, it should be emphasized that the graphite electrodes are presently eligible under 85400-1 given the all-embracing nature of the 'materials and parts' provision. Consequently, the Board is reluctant to eliminate free entry where it exists in the Customs Tariff, particularly since adoption of the HS is not the appropriate mechanism to introduce a more restrictive legislative adjustment to a concessionary tariff item. **However, Union Carbide's concern is brought to the Minister's attention for further consideration.**

With respect to the other provisions, the Board is satisfied that, while Codes 0310, 0311, 0312 and 0313 are commodity specific and thus more restrictive, the proposed conversion is indicative of goods imported and used in the manufacture of the specified cyanides. **Consequently, no recommendation to amend these Codes is required.**

MFN  
Rate

85600-1	Pigments, with or without dispersing agents or binders, whether or not in aqueous dispersion, binders therefor; inks, binders therefor; all for use in the coating, colouring or printing of textiles . . . . .	Free
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Although the Canadian Textiles Institute expressed a continued interest in tariff item 85600-1, no specific concerns were presented with proposed Schedule II Codes 0910 to 0914 inclusive, which represent the conversion of this concessionary provision.

As in the case in other transpositions to Schedule II, generic classes of goods have been superseded by commodity specific descriptors to provide a more detailed goods identification and to facilitate the cross-linkage to the regular provisions of Schedule I to the revised Customs Tariff. Analysis of recent trade under 85600-1 (proposed Codes 0910 to 0914) has confirmed that the various goods specified are indicative of the commodities entitled to MFN duty free entry under this provision and therefore no adjustment to the present scope is evident.

Based on this analysis, the Board makes no recommendation as it is satisfied that the HS transposition has no adverse impact upon importers, being neutral in both MFN rate and coverage.

MFN  
Rate

86000-1	Materials of a kind not produced in Canada for use only as catalysts in the refining of petroleum . . . . .	Free
93819-14	Materials, of a class or kind not made in Canada, which otherwise would be classified under tariff item 93819-1, for use only as catalysts in Canadian manufactures . . .	Free
93819-5 (prior to Feb. 18/1987)	Catalyst preparations for cracking petroleum, other than than fluid-bed type . . . . .	Free

MFN  
Rate

93819-5 (Budget amend- ment Feb. 18/ 1987)	Catalysts with the exception of the following: Fluid bed silica-alumina cracking catalysts for the refining of petroleum, composed of silica-alumina and synthetic components whether or not containing clay; Catalysts consisting of two or more of cobalt, molyb- denum and nickel oxides on an aluminum oxide base or on an aluminum oxide base in a mixture with silica for the desulphurization, denitrogenation and polyaromatic saturation of petroleum feedstocks, in hydrotreating service only . . . . .	Free
---	---	------

The above tariff items, of concern to Imperial Oil Limited, have been grouped together for purposes of analysis since the three provisions are inter-related in that they provide for materials known as catalysts or catalytic preparations.

The proposed Schedule II conversion of these provisions, which were amended as a result of the implementation of recommendations contained in Tariff Board Reference 157 and introduced in the February 18, 1987 Budget may be summarized as follows:

Proposed Conversion, Jan./87	Ways & Means Motion, Oct. 2/87
<u>Code</u>	<u>Code</u>
86000-1            1510	(Deleted)            -
93819-14           0280	Revised            0280
93819-5            1510	(Deleted)            -
(old)	93819-5            0285
	(new)

The Board has reviewed Codes 0280 and 0285 of proposed Schedule II. Analysis has confirmed that the 'materials' provision of 93819-14 has, in the past, been used for the classification of enzymes and

prepared enzymes of HS heading No. 35.07, these being the predominant materials imported for use as catalysts in Canadian products. A review of trade in recent years supports this finding. Consequently, the Board makes no recommendation to amend proposed Code 0280.

Similarly, no recommendation to amend Code 0285 is necessary as the provisions, as transposed to Schedule II, are identical to those of the recently introduced and revised tariff item 93819-5. The introduction of a cross-reference to tariff item No. 3815.19.00 does not, in any way, modify the scope of this concessionary provision.

MFN  
Rate

86400-1 Chemicals for use in the manufacture of acrylonitrile-butadiene-styrene resins or acrylonitrile-butadiene-styrene moulding compositions described in tariff items 93902-12 and 93902-47, namely:

Alkyl thiols;  
N,N-bis (2-hydroxyethyl) alkyl amines;  
Ferrous sulphate, heptahydrate;  
Inorganic pigments of a kind not produced in Canada;  
Magnesium oxide between 80 p.c. and 94 p.c. pure;  
Synthetic waxes other than ethylene-bis-stearamide . . . Free

The HS conversion of tariff item 86400-1 was of interest to Borg-Warner Chemicals, Du Pont Canada Inc. and Tioxide Canada Inc.

Tariff item 86400-1, as amended in the February 18, 1987 Budget, is a slightly modified version of the recommendation of Reference 157 since the provision for antimony oxide was not included, this chemical being MFN duty free under tariff item No. 2825.80.00 of Schedule I.

The concessionary provision has been retained in Schedule II as Codes 0425 to 0430 inclusive. Only one specific issue was raised by Tioxide Canada Inc. concerning the provision in Code 0428 with

respect to inorganic pigments. Their position was subsequently supported by Du Pont in a supplemental submission. Tioxide was concerned that, as previously proposed, the MFN free entry provided by Code 0428 would have a severe detrimental effect on certain domestically produced grades of titanium dioxide used in the manufacture of ABS copolymers. It is evident to the Board that this concern was anticipated, since the provision for inorganic pigments has been further qualified by the addition of the term, 'of a kind not produced in Canada', both in the recent Budget provision and also in the transposition to Schedule II Code 0428. This, the Board believes, effectively addresses the issue raised by Tioxide and Du Pont. Borg-Warner supported the proposed conversion.

**Analysis of the transposition of the remaining eo nomine provisions at Codes 0425, 0426, 0427, 0429 and 0430 has determined a neutral conversion of both scope and MFN rate of duty.**

However, in order to provide alignment with other provisions of the Customs Tariff, the Board recommends two textual amendments:

- 0425 delete 'between 80% and 94% pure'  
and add  
'of a minimum purity of 80% by weight but not exceeding 90%',
- 0429 delete 'other than'  
and add  
'excluding'.

MFN  
Rate

89905-1	Chemical and biological preparations of a kind not produced in Canada, including kits containing ancillary articles or materials, for medical diagnosis . . . . .	Free
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Hoffman-LaRoche Limited queried whether, as a result of the February 18, 1987 Budget provision amending 89905-1, proposed Schedule II Code 2510 would be similarly amended to reflect the new provision.

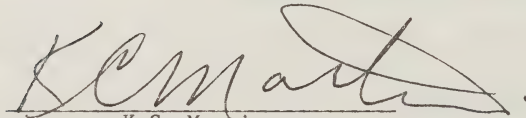
The Board notes that Code 2510 of the October 2, 1987 Ways and Means Motion, Schedule II, has indeed been adjusted to provide a neutral conversion, with one minor editorial change. 'Chemical and biological' now provides for 'Chemical or biological'. This amendment the Board supports, as it provides alignment with other provisions that utilize the conjunction 'or' to mark/identify an alternative.

There being no change in proposed Code 2510, either in scope or MFN rate of duty, no other recommendations are proposed.



---

D.R. Yeomans  
Chairman



---

K.C. Martin  
Member

Ottawa  
December 18, 1987

## Appendix I



February 10, 1984

Dear Mr. MacDonald,

I am writing to direct the Board, under section 4(2) of the Tariff Board Act, to study and report on the conversion of Canada's Customs Tariff to the Harmonized Commodity Description and Coding System (HS). Enclosed is a draft HS schedule, and related documentation, on which the Board can initiate its study.

As you are aware, the HS is a structured 6-digit nomenclature developed by the Customs Co-operation Council (CCC) in Brussels. It is designed to provide for the systematic classification of all goods in international trade, particularly for customs tariff and statistical purposes. The HS is based on, updates and expands the Customs Co-operation Council Nomenclature which is the tariff classification system currently used by all major trading nations except Canada and the United States.

The HS is supported by the General Rules for the Interpretation of the Harmonized System (Interpretative Rules) and Section and Chapter Notes, to ensure that the HS is interpreted uniformly by those countries using it. The HS is further supported by the Explanatory Notes which constitute the official interpretation of the HS by the CCC.

In 1981 the government decided that Canada should work towards the adoption of the HS. A discussion paper was made public at that time setting out the issue involved; I have enclosed a copy of the paper for your information. Subsequently, a consensus emerged amongst members of the CCC that developed countries should adopt the new system at the 6-digit level of detail by a formal CCC Convention which would bind signatories to use the system in its entirety. Furthermore, it has been agreed that countries should aim for an implementation date of January 1, 1987.

In June 1983, the CCC approved the "International Convention on the Harmonized Commodity Description and Coding System", Article 3 of which sets forth the obligations of a contracting party in respect of its customs tariff. In preparing the draft HS schedule the undertakings of Article 3 were applied. I would ask that the Board in conducting its study be guided by the Convention.

In carrying out this inquiry I would ask the Board to focus its review on the accuracy of the draft schedule's nomenclature and rates vis-à-vis the existing provisions of the Customs Tariff, bearing in mind the changes that have been made by departmental officials to condense and simplify the draft schedule. I would also ask the Board to focus on ways the schedule might be further improved.

The schedule has been developed on the basis of Most-Favoured-Nation rates in effect on January 1, 1987. I would like the Board to use these rates as the basis of its study and I would not want the Board to propose changes that would have an overall significant effect on them. In this connection, the Board should take into account Canada's tariff commitments under the GATT and the rate adjustment principles approved by the GATT Committee on Tariff Concessions on June 30, 1983.

In developing its recommendations I would expect that the Board would be guided both by its own investigations and by representations from interested parties.

Two areas which required special treatment in developing the draft schedule are the so-called "end-use" tariff items and items covering "parts" of various products, particularly those items of broad coverage. I am not asking the Board at this time to review items of this kind that have been introduced on a temporary basis by Order-in-Council. With respect to the "statutory" end-use and parts items, while some of these have been fitted into the HS schedule, it was decided that rather than create a large number of new tariff lines in the schedule, other such items should be set out in a supplementary Annex to the schedule. In the course of this enquiry I would ask the Board to examine whether products and items in the Annex could be incorporated into the draft schedule. In this regard, the Board should take account, inter alia, of the need for individual items under current economic circumstances, the importance in trade terms of imports of individual products under items of broad coverage, and alternate ways of providing for these items if their incorporation into the schedule is not deemed feasible at this time.

The enclosed material comprises chapters 1-15 of the draft HS schedule, and related documentation, and represents a relatively small part of the entire HS schedule. It was decided that in light of the time constraints imposed by the January 1, 1987 target for implementation of the HS and the volume of work involved in the conversion and review processes, it would be appropriate to refer the various chapters of the draft schedule to the Board as they are completed by departmental officials. In view of this, I would request that the Board during the course of its study submit reports as it completes its work on the various commodity groupings, with a final report to be submitted by January 1, 1986.

Yours sincerely,

Roy MacLaren





CA1  
FN55  
1985  
R63  
v.5 Pt.3



CANADA



CANADA'S CUSTOMS TARIFF ACCORDING  
TO THE HARMONIZED SYSTEM:  
VOLUME V  
(CONSOLIDATION OF CONCESSIONARY  
PROVISIONS — STATUTORY  
CONCESSIONARY TARIFF ITEMS)

PART 3

REFERENCE  
163

A REPORT BY  
THE TARIFF BOARD



REFERENCE NO. 163

**A REPORT OF AN INQUIRY**

**by the**

**TARIFF BOARD**

**respecting**

**CANADA'S CUSTOMS TARIFF ACCORDING**

**TO THE HARMONIZED SYSTEM:**

**VOLUME V**

**(CONSOLIDATION OF CONCESSIONARY PROVISIONS**

**— STATUTORY CONCESSIONARY TARIFF ITEMS)**

**PART 3**

This report is made pursuant to a reference by the  
Minister of Finance under section 4(2) of the Tariff  
Board Act.

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REFERENCE 163  
CONVERSION OF THE CANADIAN CUSTOMS TARIFF  
TO THE HARMONIZED SYSTEM OF CUSTOMS CLASSIFICATION  
- PHASE V -  
(PART 3)

INTRODUCTION

This is Part 3 of Volume V of the Board's report respecting Phase V of Reference 163, Canada's Customs Tariff according to the Harmonized System. This completes the Board's report on this subject.

Phase V deals with the conversion to the Harmonized System (HS) of the statutory end-use items of the former Customs Tariff. Part 1 contained the Board's review and recommendations concerning a number of end-use items which were the subject of briefs submitted by interested parties. Part 1 was made public on November 18, 1987. That Report, because of time constraints, did not deal with the conversion of end-use items contained in submissions which were the subject of the Budget of February 18, 1987 and of subsequent revisions in the Notice of Ways and Means of October 2, 1987. The conversion of these items was reported upon in Part 2, made public on February 5, 1988.

Part 3 deals with the conversion of all the remaining statutory end-use items. For these instances the findings and recommendations are based on the Board's own analysis and not that of interested parties appearing before it.

A. The Scope of Reference 163

The Board was asked by the Minister of State for Finance in his letter of Reference, dated February 10, 1984,<sup>(1)</sup> to review the accuracy of

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(1) This letter is contained in Appendix 1.

the nomenclature and rates of the draft HS schedule vis-à-vis the existing provisions of the Customs Tariff. The Board's review respecting Reference 163 was necessarily partitioned into a number of phases. In Phase I, Chapters 1 through 24 were examined, covering such goods as live animals, animal products, vegetable oil fats, prepared foods, beverages and tobacco. In Phase II, Chapters 26 through 67 covering, among others, provisions for mineral products, chemicals, plastics, rubber articles, leather, and manufactures of wood, paper and textiles were reviewed. Phase III consisted of a review of the recommendations contained in the two earlier reports and addressed, as well, a number of issues not earlier dealt with. Chapters 68 through 98 of the proposed (HS) tariff were dealt with in Phase IV. These last Chapters covered such products as articles of stone, precious and base metals, jewellery, machinery, vehicles, aircraft and precision instruments. Each of these phases was treated separately for the purpose of public hearing(s) and for reporting the Board's recommendations.

At the time of writing this final report, the new Customs Tariff, based on the Harmonized System, has been in force since January 1, 1988. These new tariff provisions are collectively referred to as the "new" or "present" Customs Tariff, while the provisions of the original or displaced tariff are referred to in this report as those of the "former" or "previous" Customs Tariff. It should be noted that the legislation of the new Customs Tariff authorizes changes to its tariff provisions, outside the normal budgetary process, for the purpose of restoring the previous tariff treatment. This authority exists until July 1, 1989, 18 months after the introduction of the new Tariff.

## B. The Objectives of Phase V

Phase V examines the accuracy of the conversion of all statutory tariff items, with end-use provisions, as found in the former Tariff.<sup>(1)</sup> The specific objectives governing Phase V, as given in the original letter of Reference, are summarized here as follows:

(1) — A listing of the statutory end-use tariff items examined in Phase V is contained in Appendix 2.

- i) To review the accuracy of the transposition of statutory concessionary tariff items (end-use items) consigned to proposed Schedule II (formerly the "Annex") of the HS-based Tariff, while verifying the most favoured Nation (MFN) rates of duty vis-à-vis the former rates applicable for such items;
- ii) to identify suitable provisions which would be more appropriately maintained in the Customs Tariff proper, i.e., Schedule I, rather than in Schedule II and
- iii) to identify possible alternatives to Schedule II for the maintenance of concessionary tariff items.

It is noted that, prior to the Notice of Ways and Means Motion of October 2, 1987, those provisions now found in Schedule II were earlier referred to as constituting the "Annex" or the "statutory concessionary provisions". The main provisions of the new Tariff, that is, the provisions of Chapters 1 through 98, are found in Schedule I.

Pursuant to its instructions, the Board has reviewed whether the new Customs Tariff has maintained the tariff treatment provided by the end-use items of the previous Tariff. This review included the identification of end-use items which have been, in whole or in part, absorbed in Schedule I. In these instances the end-use description was dropped and the goods themselves were provided for in accordance with the new classification, at rates of duty indicated. For example, in the former Tariff "Tuna, frozen, to be processed in Canadian canneries" entered free of duty; in the HS-based Tariff the specific end-use provision respecting Canadian canneries is dropped and all frozen tuna, regardless of use, enters duty-free.<sup>(1)</sup> The main issue was to determine whether such integration resulted in changes from the concessionary rate of duty accorded in the old Tariff. The findings and recommendations on this aspect of the Board's review are contained in this report.

(1) Pursuant to conversion, the goods under previous item 11500-2 (tuna, frozen, to be processed in Canadian canneries) are classified to heading No. 03.03 under tunas...skipjack or...bonito).

Many end-use items could not be absorbed, either in whole or in part, in the new Customs Tariff without losing the concessionary rate of duty. In these instances the concessionary rate was preserved by an end-use provision in either Schedule I or Schedule II. Where the end-use covered relatively few goods, and the goods could be identified at the 7 or 8 digit level, the transposition was made in Schedule I. For example, former tariff item 23240-1 pertains to "ossein for use exclusively in the manufacture of gelatine", this relatively simple provision is carried forward in the new Tariff as item No. 0506.10.10 with essentially the same nomenclature. Conversion to the main schedule was therefore restricted to end-use items which required only a few additional tariff lines, avoided excessive repetition of the end-use description and could be made within the bound HS nomenclature at the heading and subheading level. However, other previous end-use items that included many goods, and could not be easily provided for in Schedule I, were transposed to Schedule II.

The Board reviewed all former end-use items transposed in part or in whole in Schedule I and Schedule II to determine whether or not the rate and nomenclature provisions in the new Customs Tariff accurately maintained those contained in the old one. In addition, it examined Schedule II to identify any provisions which could be more appropriately incorporated into Schedule I.

The provisions, or codes, of Schedule II do not constitute an additional classification of goods in the sense that they cover goods not provided for in Schedule I. Rather, they identify products classified under Schedule I which, if used as specified in Schedule II, shall be dutiable at the lower rate indicated in that Schedule and not at the rate provided for in the main schedule.

As this report concludes the Phase V examination of all statutory end-use items, the Board was able to pull together a summarization as to the disposition of such items upon conversion.

In the former Customs Tariff, as it existed in 1987 just prior to conversion to the HS-based Tariff, there were 738 statutory tariff items

administered as containing end-use provisions. Of this total, in the conversion process it was possible to retain, in whole or in part, 256 items in the main schedule (Schedule I). For a roughly similar number, 245 items, the conversion was effected by means of a special provision, or Code, placed in Schedule II. The remaining end-use items, that is, those neither in Schedule I nor Schedule II, comprised 233 of the total of 738; these were absorbed<sup>(1)</sup> in the conversion process, that is, the goods were classified to Schedule I but without any specific end-use provision attached.

#### C. The Public Hearing For Phase V

The Board gazetted a Notice on March 28, 1987 regarding the public hearing for Phase V in Ottawa to commence on May 27, 1987. The Notice also invited submissions from interested parties on issues of concern arising from the proposed disposition of statutory items with concessionary provisions.

A separate notice was also mailed to organizations and individual firms and persons on the Board's mailing list. The notice outlined the Board's approach in Phase V and contained a list of statutory end-use items which the Board was directed to examine in order to review the accuracy of the conversion process. Information on how to obtain the latest version of the HS material was also enclosed.

The Board received 28 briefs prior to the hearing, including supplementary submissions. Also taken into account in Parts 1 and 2 were a further six briefs which reached the Board after the public hearing as well as various other briefs, received in previous phases, which were pertinent to the provisions under review.

#### D. The Organization of This Report

Following the introductory sections, this report deals first with changes in the end-use descriptors. There was a tendency in the conversion

(1) Appendix 2 indicates those former end-use items which were absorbed, i.e. not retained, pursuant to conversion.

process to condense, simplify and standardize the descriptors of the end-uses subject to a rate concession in Schedule I and II of the new Customs Tariff. Consequently, the same changes applied to many tariff items and codes. The impact of these changes will be reviewed in a general discussion and not item-by-item.

Next, the Board presents its specific findings and recommendations for restoring rates of duty, and goods eligible for concessionary tariff treatment as provided for in the previous Customs Tariff. First, the recommendations concerning end-use items, formerly designated to be all-embracing in nature, are presented. This will be followed by the recommendations regarding all other end-use items.

A third section submits recommendations by the Board for the transfer to Schedule I of end-use provisions currently found in Schedule II. Finally, the Board presents a number of recommendations for changes to the new Customs Tariff relating to recent appeals allowed by the Board on classification under the old Customs Tariff.



D.R. Yeomans  
Chairman



K.C. Martin  
Member

Ottawa  
May 23, 1988

## II. THE CONVERSION PROCESS - COMMONLY APPLIED CHANGES

In examining, as directed, the transposition of former end-use items into the new (HS) Customs Tariff, the Board proceeded on a case-by-case basis, that is, inspected the conversion of each end-use provision individually. In this manner, the Board was able to identify problem areas and, as subsequently set forth, make a number of specific recommendations. This analysis however, revealed a number of nomenclature changes common to many of the former end-use provisions. For the most part, these are deletions aimed at the condensation or simplification of the new Customs Tariff. As well, other matters relating to the conversion process are considered. The intent of the following discussion is to bring attention to certain aspects of conversion which might pose difficulties respecting future interpretation.

Former item 43905-1 provides a good example of some of the basic changes effected by the conversion to the new Tariff. The wording of this former item was:

Articles, of iron or steel, wholly or in part of nickel or electroplated, when imported by manufacturers of bicycles or tricycles for use exclusively in the manufacture of bicycles or tricycles, in their own factories, under regulations prescribed by the Minister

In carrying forward this provision, in Codes 2375 to 2380, only the phrase "for use in the manufacture of" was retained. The other terms, typical to the former Tariff, were dropped, namely: a) "when imported by manufacturers"; b) "in their own factories"; c) "exclusively"; d) "under regulations prescribed by the Minister." These deletions, and others like it, are discussed here.

In its original context the term "when imported by" was included to restrict the importer of record to the manufacturer of the specified end products, in this instance bicycles or tricycles. The deletion of this phrase from all end-use provisions in the new Tariff will tend to broaden the scope

of such provisions. Under the new legislation any person or company is now able to import the subject goods at the concessionary rate. It is pointed out, however, that when former end-use provisions are carried forward, the key restricting condition "for use in the manufacture of" (or a similar requirement) has been retained. In the Board's opinion, those tariff provisions which deal specifically with the importer are unnecessary, as long as the essential limitation as to the end purpose is kept. The Board concludes therefore that the deletion of the term "when imported by...", while it might serve to enlarge somewhat the scope of some HS provisions, does not constitute a material change.

The phrase "in their own factories", also common to former end-use terminology, is as well dropped in the new Tariff. This term stipulates the location where imported goods must be used in order to be eligible for the lower concessionary rate. In its strictest application, this former provision would tend to disqualify importations of goods entered to be subsequently used by other than the manufacturer per se (e.g., as part of a manufacturing process where work is sub-contracted). The Board's view is that the deletion, in the new Tariff, of former provisions concerning the place of use, does not constitute an appreciable change. Again, it was satisfied that, as long as the principal condition is maintained (i.e., "for use in the manufacture of") any possible broadening in scope would not be significant. Moreover, it will also facilitate customs administration because, under the previous Tariff, it was difficult to determine whether, later in the production process, the goods might be contracted out, with work being performed at another location.

The term "exclusively", or "only", has also been dropped in all cases. In the Board's view the removal of this term does not change the basic intent. For example, with reference to "for use exclusively in the manufacture of bicycles" the removal of "exclusively" still leaves the condition that the sole end-purpose must be the manufacture of bicycles. There is no presumption, in interpreting the abbreviated provision, that the imported goods are eligible for a tariff concession if used "chiefly" or "mostly" in the manufacture of the final product. This opinion is supported by information received by the Board that the administration of end-use items

under the new Customs Tariff, will not change upon deletion of the term "exclusively". Accordingly, the Board concludes that the deletion of "exclusively" has not constituted a significant change, and therefore makes no recommendations in this regard.

In the former Customs Tariff many end-use items contained the reference "under regulations prescribed by the Minister" or by the "Governor in Council". This reference, upon conversion, has been in a few instances carried forward, e.g., item 70505-1 in heading No. 9807, while on occasion it has been added, e.g., item 69203-1 in heading No. 9817. For the most part, however, reference to "regulations prescribed by the Minister" has been dropped.

There are several reasons for the retention or deletion of the reference to administrative regulations. Generally, references to regulations prescribed by ministers other than of the Department of Finance and of National Revenue have been deleted, e.g., regulations on "seed potatoes" in Tariff Item 7120-1, which originate with the Minister of Agriculture. They were also deleted when the regulations had not de facto been promulgated, and when their usefulness and applicability had ceased or diminished significantly.

It is noted that the absence or the presence of the reference to ministerial regulations in a tariff item does not affect the coverage of the item. The neutrality of the conversion process would be compromised if the administrative regulations themselves had been changed. The Board, however, is of the opinion that its mandate does not include a review of such regulations.

Although they appear to be minor changes in the context of Customs classification, the Board took note of a number of other commonly-made changes in its examination of the transposition of former end-use provision to the HS-based Tariff. For example, whereas the previous Tariff employed the

conjunction "and", this connector is replaced by "or" throughout the new legislation. This terminology substitution might in some instances convey a different meaning. However, the term "or" is standard in the Harmonized System of Customs Classification and the retention of the word "and" in the end-use provisions of the new Tariff would have been inconsistent. Similarly, the term "wholly" common to former legislation has throughout the new Tariff been replaced by "solely". Again, these two terms may or may not carry the same meaning. However, "solely" is also standard in the HS nomenclature, and the continued use of the former term "wholly" in the Canadian sub-structure of the new Tariff would be, as well, inconsistent. The Board, therefore, has no recommendations in this regard.

Conversion has also frequently resulted in changing the former specific end-use provision "for use in" to "of a kind used in". For example, machinery "for use in" tanning leather is carried forward as machinery - "of a kind used"... in tanning leather. In this and similar cases, while the former item required that goods be actually used for an enumerated purpose, the new Customs Tariff contains only a general descriptive phrase. Another related, and common, occurrence in conversion to the HS involves the replacement of machinery "for use in" with machinery of a certain "type" (e.g., agricultural or horticultural "type"). The more general descriptor would tend at first glance to broaden the goods qualifying for the concessionary rates of duty. However, an examination of specific instances would suggest that this broadening in scope appears to be smaller than anticipated. The Board, with one exception, therefore makes no recommendation to restore the previous terminology.

Finally, the term "for use in" has been converted in a large number of instances in both Schedules I and II to the term "to be employed in". Section 4 of the new Customs Tariff Act states that the expression "for use in" as it relates to goods means "the goods must be wrought into, attached to or incorporated into other goods..." As example, Code 0460 (formerly item 85100-1), "Materials for use in the manufacture of synthetic rubber", covers only materials actually "incorporated into" synthetic rubber.

Where an end-use provision of the previous Customs Tariff referred to machinery, equipment or apparatus used to produce, process and manufacture goods, as opposed to articles and materials which are actually incorporated into the goods, the new Tariff substitutes the term "employed in" for "used in". Code 1531, for example, accords a concessionary rate to machinery and equipment "to be employed in recovering and producing crude oil..." In this context it is obvious that well-drilling equipment, etc. does not physically form a part of the final commodity, oil.

The Board is satisfied that these two terms have been used accurately and consistently in the new Customs Tariff and that, in general, they have not had a significant impact on the scope of the relevant former tariff items. With respect to dies, jigs, drills, bits, etc. which are not wrought into the final product, even though they are consumed in the manufacturing process, these machine tools are usually provided for as "parts" of the machinery and equipment employed in manufacturing. There are also end-use provisions in addition to articles and materials for incorporation into the final product and machinery/equipment employed in the manufacturing process, which cover office equipment, supplies, and furniture that are significant elements of cost. For these instances, few in number, reference is made to the term, (goods) "that enter into the cost of manufacture". The Board has recommendations in this regard. Several of the specific recommendations made later in this report will touch upon these issues.

### III. SPECIFIC RECOMMENDATIONS - ALL-EMBRACING ITEMS

Among the statutory end-use items examined in Phase V are 61 items which, in the former tariff, were administered as being "all-embracing". Previously, when goods were covered by an all-embracing provision, they were classified first to such an item, that is, all-embracing items took precedence over all other possible tariff classifications. This previous classification procedure has been carried over into the new Tariff by placing end-use items, when all-embracing, into Schedule II. As a result of its review, the Board presents here recommendations relating to 11 of these broadly-worded end-use items. The new Tariff maintained the rate and nomenclature provisions of the remaining 50 former items. As noted, the all-embracing items comprise a select group of end-use provisions because of the particularly broad coverage afforded by them. In the new Customs Tariff, Schedule II was considered to be deficient principally with respect to those all-embracing provisions concerning agricultural machinery and medical/hospital goods. As well, there are a number of other recommendations related to the conversion of other items administered as all-embracing.

#### Tariff Item 44200-1 and Codes 2000 to 2019: Articles and Materials for Agricultural Implements and Machinery

Former tariff item 44200-1 is retained in the HS-based Tariff through Codes 2000 to 2019. These codes also serve to carry forward certain other provisions of the previous Tariff which relate to parts for use in agricultural machinery and implements. Review of the nomenclature contained in these codes reveals that the eligible goods (i.e., the "articles and materials") and the rates of duty have been accurately transposed; however, the conversion of the end-use provision and the listing of the benefitting end-products is considered to be deficient.

The nomenclature of former item 44200-1 was as follows:

Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items ... (a listing of 30 tariff items follows) ... when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor

The listing of 30 tariff items contained in this provision encompassed almost all kinds of agricultural machinery, equipment and implements ranging from animal clippers to mowers and harvesters. The effect of this previous all-embracing item therefore was, in essence, to accord free entry to all materials, parts, and components which enter into the cost of, and are for use in, the manufacture of agricultural machinery and implements.

First, in the header applicable to Code 2000-2019, there is the notable absence of any reference to the term "manufacture". The omission of this term is viewed as a substantive change as this would expand the scope of Codes 2000-2019 greatly in that articles and materials sold in the after-market, i.e., for repair and maintenance after sale, would also become eligible for duty-free entry. For most farm machinery, such as large combine harvesters, upkeep requires a substantial expenditure for replacement parts. The inclusion of articles and materials for such repair and maintenance would significantly enlarge coverage vis-à-vis that of the provision in former item 44200-1. This previous legislation clearly limits eligibility to use in manufacture, and the Board concludes that, in Schedule II, the preamble to Codes 2000-2019 should be limited similarly.

Second, the Board considers that there is a significant difference between the phrase "which enter into the cost of manufacture", as in former item 44200-1, and the term "for use in" as found in the header to Codes 2000-2019.<sup>(1)</sup> The latter expression would restrict admissibility, as earlier discussed, to only those goods actually wrought into the final product. The former provision, in contrast, encompasses articles and materials, for

<sup>(1)</sup> A relevant discussion may be found in Tariff Board Appeal No. 2041 - CAE Metal Abrasive Division of CAE Industries Ltd. and the Deputy Minister of National Revenue for Customs and Excise.

example, chemicals and solvents, used in the manufacturing process, but not incorporated into the finished product. It would also cover products not directly used in production, e.g., tool bits and hand tools, but which are nevertheless goods entering into the cost of manufacturing. Furthermore, given the previous interpretation of "articles" to include machinery and apparatus,<sup>(1)</sup> the expression "which enter into the cost of manufacture" extends eligibility even to production machinery and plant equipment used to produce the specified end-products.

In this latter regard the Board finds the preamble to Codes 2000-2019 too restrictive compared to the scope of former item 44200-1 and concludes that the retention of the prior wording, "which enter into the cost of manufacture" is much preferable. In the HS-based legislation, the narrower terminology, "for use in", would serve to exclude machinery and apparatus employed in production from "articles and materials" whereas such plant equipment was formerly included. If the previous terminology were carried forward, it would then be possible to retain the former tariff treatment in full, including previous administrative practices. Further, it is the opinion of the Board that, if plant equipment is to be excluded from the header to Codes 2000-2019, this exclusion could be better achieved more directly, e.g., through issuing interpretive guidelines, rather than by integrating administrative changes with the conversion process.

The Board thus recommends that the header preceding Codes 2000 through 2019 in Schedule II be revised to:

**Articles and materials which enter into the cost of manufacture of:**

The Board's preceeding recommendation requires the further consideration of several other former provisions because Codes 2000 through 2019, as they are now structured in Schedule II, carry forward some former

(1) Customs and Excise Memorandum D10-8-3 sets forth, for example, certain regulations for admitting machinery and apparatus for use in plant equipment under item 44200-1.

provisions dealing with parts for repair and maintenance, as distinct from components or articles/materials which relate to the manufacturing operation only. To accomodate the Board's recommendation, which is to return the key provision to "which enter into the cost of manufacture", some facilitating changes are necessary.

Reference in this context is to former tariff items 40948-1 (internal combustion engines); 40950-1 (electric motors); 40956-1 (axles, belts and belting...rivets, screws, washers); 42723-1 (ball and roller bearings); and 61810-1 (tires and inner tubes). These five former provisions permit free entry, for the goods listed, when for repair, replacement or aftermarket maintenance. Previous item 44200-1, as noted, pertains only to goods related to manufacture.

In Schedule II, Codes 2000 through 2019 as at present structured would serve to provide for the above five former items. For example, ball bearings or axles, bolts, screws and washers are clearly "articles" eligible for free entry under Codes 2000 through 2019, if for the machinery/apparatus listed, since both entry for original manufacturing and or aftermarket repair/maintenance is encompassed by current Codes 2000-2019. The treatment in Schedule II, for the tires and inner tubes of former item 61810-1 is somewhat different. A separate Code is, in fact, given for such tires and tubes (i.e., Code 1805) when "for use with agricultural implements or agricultural machinery".

To facilitate the Board's recommendation that the header to Codes 2000-2019 be revised to conform more closely to original legislation, it is necessary that, in conjunction to these codes, an additional provision be made in Schedule II. The purpose of this amendment is to specifically and separately provide for the former provisions of items 40948-1, 40950-1, 40956-1 and 42723-1 which concern certain goods for aftermarket use related to agricultural machinery and implements.

**The Board thus recommends the introduction of the following:**

The following when for use in, or for repair of, the agricultural or horticultural machinery or apparatus or parts thereof of Codes 0031, 0032, 0033, 2000, 2001, 2002, 2004, 2005, 2006, 2007, 2008, 2009, 2011, 2013 or 2050:

Code 2025	Ball or roller bearings of tariff item No. 8482.10.10, 8482.20.10 or 8482.80.10 and parts thereof of tariff item No. 8482.91.10, 8482.91.91 or 8482.99.10
Code 2026	Axles of subheading No. 8708.50, 8708.60 or 8716.90; belts or belting of heading No. 40.10 or tariff item No. 5910.00.00 or 7314.19.10; chain of heading No. 73.15 or tariff item No. 926.90.90 or 7616.90.90; brushes of tariff item No. 9603.50.90; pulleys of tariff item No. 8483.50.90; hinges of tariff item No. 8302.10.00; bolts, nuts, rivets, screws or washers of heading No. 73.18 or 74.15 or subheading No. 7508.00 or tariff item No. 3926.90.90, 7616.10.00, 7806.00.90 or 7907.90.90
Code 2027	Internal combustion engines of tariff item No. 8407.90.90 or 8408.90.90 and parts thereof of tariff item No. 8409.91.94, 8409.99.93, 8413.30.90 or 8413.91.99
Code 2028	Electric motors of heading No. 85.01 and parts thereof of heading No. 85.03

It is pointed out that Code 1805 in Schedule II is a provision essentially similar in its objective to the four additional codes recommended above. Code 1805 accords free entry to tires and inner tubes, as equipment for original manufacture or for aftermarket replacement, when such tires and tubes are for use with enumerated agricultural machinery/implements. A recommendation is subsequently made respecting a revision to the terminology of Code 1805.<sup>(1)</sup>

Also noted is that conversion to the HS-based Customs Tariff will result in some changes as to the tariff treatment of components and parts for agricultural machinery and apparatus. As discussed in an earlier Report by the

<sup>(1)</sup> See pages 51 and 52.

Tariff Board<sup>(1)</sup>, there is a significant tendency in the Harmonized System to treat "parts" as being goods eo nomine. The HS definition of parts is more restrictive, and multi-purpose parts are generally classified as eo nomine goods. In the instance of components for agricultural implements/machinery, the codes of Schedule II retain free-entry for essentially all components when for the manufacture of such agricultural implements/machinery. However, where parts and components are for aftermarket repair or replacement, the scope for duty-free entry may be narrowed. These changes do not result from the amendments recommended here, the intent of which is to achieve a more neutral conversion, but from classification procedures associated with the HS-based tariff more generally.

Reference, finally, must be made here to three briefs received which express concerns about the conversion of tariff item 44200-1. These briefs were not presented to the Board in time for their inclusion in the earlier Board reports for Phase V. The submission of Geo. H. Young & Co. Ltd. was concerned that the proposed wording relating to Codes 2000-2019 would result in higher duties paid on plant production equipment previously duty free under tariff item 44200-1.<sup>(2)</sup> The submissions of the Canadian Farm and Industrial Equipment Institute and the Prairie Implement Manufacturers Association also expressed similar concerns about the narrowing of the scope of this former item.

#### Additional Revisions to Codes 2000-2019

The foregoing discussion, and recommendations made, pertain specifically to the end-use provisions to previous item 44200-1 and the manner of their transposition to Schedule II. Some other proposals for revision are made to Codes 2000-2019 with respect the scope of goods covered rather than

(1) Reference 163-Canada's Customs Tariff According to the Harmonized System, Volume IV, Part I (Introduction and Preface); p.p. 1.22 to 1.28.

(2) The Board notes, however, that machinery used as production equipment may otherwise be eligible for the remission of duties under sections 73 through 79 of the new Customs Tariff.

the conversion of the end-use provisions. Most of the end-products enumerated in former tariff item 44200-1 are found in Schedule I and the articles and materials for them retain their duty-free status through the listing of HS items contained in Codes 2000-2019. However, the tariff treatment previously applicable in some cases has not been carried over and as a result certain articles and materials lose their former duty-free access. These omissions, with respect to goods covered, are discussed below with reference to the former tariff items listed in item 44200-1 which were not, in the Board's view, transposed with full accuracy.

Tariff Item 40920-1: This former item permitted duty-free entry for machinery and equipment used primarily in processing and packing fresh fruit, flowers and vegetables, among which are "...box dumpers... for fresh fruit or fresh vegetables..." Such dumpers are specifically named in the new Customs Tariff, being classified to tariff item No. 8479.89.10 (... box dumpers for use with fresh fruit or fresh vegetables) at MFN free. However, there is no provision in the new Tariff permitting free entry for the articles/materials of such dumpers, although such a provision previously existed by reason of item 44200-1; tariff item No. 8479.89.10 is not enumerated anywhere in Codes 2000 to 2019.

The Board recommends therefore that a separate Code be added, in Schedule II, in the Code 2000 series under the given header as follows:

	<u>MFN</u> <u>Rate</u>
Box dumpers for fresh fruit or fresh vegetables of tariff item No. 8479.89.10 or parts thereof of tariff item No. 8479.90.20.....	Free

There is a similar concern about articles and materials for "machines for making or lidding boxes" also under former tariff item 40920-1. This type of machinery is, in Chapter 84, duty-exempt under 8441.30.00 (machines for making cartons, boxes, cases, tubes, drums or similar

containers ...) or under 8441.80.00 (other machinery - for stapling, tacking, etc.). While these items carry forward the previous treatment as it concerns the goods themselves, the free provision for articles/materials thereof has not been continued. Again, neither tariff item No. 8441.30.00 nor 8441.80.00 is listed in Codes 2000 through 2019.

The Board thus recommends that a further Code be, as follows, introduced into Schedule II, under the header preceding Code 2000:

	<u>MFN</u> <u>Rate</u>
Machinery for making or lidding boxes of tariff item No. 8441.30.00 or 8441.80.00 and parts thereof of tariff item No. 8441.90.90 .....	Free

Regarding tariff item 44200-1, the Board considers a change to Code 2000 is also justified in respect of the treatment of articles and materials for "silage caps". The caps themselves are duty-free under former item 40920-1 and, in the new Tariff, are entered at the free rate under tariff item No. 7308.90.10. Most of the components used in the construction of silos are at present classified to tariff item 40960-1(1) with a duty of 6.8 p.c. MFN and corresponding treatment is carried through into the new Tariff under either tariff item No. 7308.90.20 or 9406.00.10. However, the duty-free provision under former item 44200-1 respecting the articles and materials for the manufacture of the silage caps has been omitted from Code 2000.

To restore previous treatment, the Board recommends that tariff item No. 7308.90.10 be added to the listing contained in Code 2000 of Schedule II.

(1) Former tariff item 40960-1, with a duty of 6.8 p.c., covers roofs, chutes, ladders, wall sections ... materials and parts, when for the construction/repair of silos.

Tariff Item 40924-1: In the former Customs Tariff, the reference to tariff item 40924-1, as contained in tariff item 44200-1, means that the articles and materials to manufacture gravity discharge farm wagon boxes entered duty-free, as do the boxes themselves. Neither of these former duty provisions are present in the new Tariff. The gravity discharge boxes are, in the new Customs Tariff, classified to tariff item No. 8716.90.20, which pertains to parts for the farm wagons of tariff item No. 8716.39.20, and are dutiable at 8%. Related articles and materials are dutiable as tariff item No. 8716.90.20 is not listed in Code 2000.

The Board is of the opinion that free entry should be restored to gravity discharge boxes for farm wagons. The Board is satisfied that both production and trade of this product is substantial and significant. Restoration can be achieved by the addition of the words "gravity discharge boxes for farm wagons" to tariff item No. 8716.90.10 which carries an MFN rate of Free. Since item 8716.90.10 is one of those items enumerated in Code 2000, articles and materials for the manufacture of such gravity discharge boxes would be duty-exempt, as was previously the case.

The Board therefore recommends that tariff item No. 8716.90.10 be amended to read:

	<u>MFN</u> <u>Rate</u>
8716.90.10.00 ---For the wagons of tariff item No. 8716.20.10; hitches and couplings, for use on the farm; <u>gravity discharge boxes for farm wagons.....</u>	Free

Tariff Item 40944-1: This former item accords free entry to "equipment for generating electric power for farm purposes" and lists certain goods such as engines, generators, etc. The articles and materials associated with the manufacture of this generating equipment was also given duty-free status through item 44200-1.

In the HS-based Tariff, the goods of tariff item 40944-1 are given free entry through Codes 0030 to 0035 under the header "the following for generating electricity ...". Code 0036, which follows, is for "articles and materials for use in the manufacture of the foregoing". There is an inconsistency in Schedule II in comparing the terminology of Code 0036 vis-à-vis that of the header to Codes 2000 through 2019. The latter header omits any reference to the term "manufacture" (as earlier discussed). In contrast, this term is included in Code 0036. A substantive inconsistency is thus found in Schedule II since both these headers are based upon the same provision in the former Customs Tariff, namely, the end-use provision of item 44200-1.

The Board has noted the various problems associated with the header to Codes 2000 through 2019; it has recommended, with respect to former item 44200-1, that the relevant header in Schedule II be revised to reflect the original nomenclature which is "which enter into the cost of manufacture of". This term, for consistency, should also be employed for Code 0036.

**The Board therefore recommends that the nomenclature of Code 0036 be changed to:**

**Articles and materials which enter into the cost of  
manufacture of the foregoing**

Tariff Item 43915-1: Tariff item 44200-1 enumerates the goods of item 43915-1, thereby providing for duty-free access respecting the articles and materials that enter into the cost of their manufacture. Codes 2000 through 2019 omit a similar provision. Item 43915-1 provides for the following goods:

Farm wagons, including four-wheeled farm wagons equipped to be tractor-drawn; farm sleds; logging wagons; logging sleds; and complete parts of all the foregoing

The above farm and logging wagons are classified to 8716.39.20 of Schedule I and the parts thereof to 8716.90.20. Canadian production of farm wagons was valued at an estimated \$3.0 million for 1986, an indication of the economic significance of articles and materials used in their manufacture.

The Board therefore recommends that a new Code be introduced into the 2000 series, under the general preamble referring to "Articles and materials", as follows:

	<u>MFN Rate</u>
Farm or logging wagons of tariff item No. 8716.39.20 and farm or logging sleds of tariff item No. 8716.80.20; parts thereof of tariff item No. 8716.90.20 or 8716.90.90.....	Free

This amendment would effect a restoration of the duty-exempt status now granted to articles and materials that enter into the cost of manufacture of the farm and logging wagons or sleds of former item 43915-1 in accordance with the provision of item 44200-1.

#### Post-hearing Representations - Tariff Item 40924-1

Post-hearing representations were received from Geo. H. Young & Co. Ltd. contending that conversion did not properly take into account the former tariff treatment afforded to certain kinds of aeration equipment used for drying grains. These representations relate also to previous item 44200-1 as well as to the goods covered by former item 40924-1.

Among the products listed in former item 40924-1, at MFN Free, are "grain or hay dryers ... for use on the farm for farm purposes only". The articles and materials thereof are Free by reason of tariff item 44200-1. "Grain dryers" are , in Chapter 84, granted free entry under tariff item No. 8419.31.10; however, heading No. 84.19 restricts eligibility to grain dryers which incorporate a heating device or unit. According to information obtained, other types of grain dryers have been admitted under item 40924-1, namely, dryers which do not include a heating component. These are

essentially aeration fans used for natural air-drying and they would become dutiable at 9.2% in the HS-based Tariff under tariff item No. 8414.80.00 (fans) whereas the free rate previously applied. The submission received also sought the retention of the tariff treatment formerly accorded under 44200-1 regarding the articles and materials used in the manufacture of such aeration fans.

The Board concurs and is of the view that amendments are warranted to carry forward the duty-exempt status formerly given to both the goods in question and to articles/materials for their manufacture.

The Board thus recommends that a new tariff item be introduced in Chapter 84 of Schedule I (provisionally, as tariff item No. 8414.52.00) as follows:

MFN  
Rate

8414.52.00.00 --For use on the farm for drying grain or hay..... Free

Also required, is a minor amendment concerning related parts. Tariff item No. 8414.52.00 should be added to tariff item No. 8414.90.10.

Further recommended, with respect to the relevant articles and materials of the above goods, is the addition of tariff item No. 8414.52.00 to the listing given in Code 2000 and the introduction of an added Code in the 2000 series:

Parts of fans for drying grain or hay, of tariff item  
No. 8414.52.00.

TARIFF ITEMS PERTAINING TO MEDICAL/HOSPITAL EQUIPMENT AND MATERIALS

Tariff Item 20620-1: This previous provision allowed a duty-free status for:

Materials and articles for the manufacture of the goods specified in items 20605-1, 20610-1 and 20615-1

In Schedule II, Code 2580 correctly provides for free-entry for the articles/materials used in the manufacture of the goods described in tariff item 20605-1 (i.e., "Sera and antisera, toxoids...insulin with or without...protamine"). Similarly, Code 2580 also covers articles/materials respecting tariff item 20615-1 (i.e., "Blood plasma ... of human origin ... substitutes therefore"). However, Code 2580, otherwise drawn from former tariff item 20620-1, excludes any reference to articles/materials for use in the manufacture of the goods of former tariff item 20610-1.

These goods are: "Biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis, prevention or treatment of diseases of animals ...". Such goods are, in themselves, covered in Code 2506, with free entry applying. But, the articles/materials thereof are not provided for in Schedule II. It is noted that, likely, there would be few "articles" as such "for use in the manufacture of" (i.e., incorporated into) biological products, but that a variety of component materials would be so used.

**Therefore the Board recommends that the following addition be made to the products enumerated in Code 2580:**

**Goods of Code 2506**

Tariff Item 47900-1: This former item permits the free entry of all articles and materials when used in the manufacture of medical and hospital equipment and for equipment for use by disabled persons. Nomenclature was as follows:

Materials and articles for use exclusively in the manufacture of the goods enumerated in tariff items 47600-1, 47605-1, 47805-1, 47810-1, 47815-1, 47820-1, 47826-1, 47830-1 and 47835-1

In the new Tariff, this provision is found in Code 2550. Several recommendations are made to improve the coverage of this Code, which, compared to the former provision, has tended to have been reduced following conversion.

Former item 47900-1 lists, in turn, the goods of previous item 47600-1 among which is "... oxygen administering apparatus". In the Board's opinion such equipment, in the new Tariff, would in large part fall under tariff item No. 9019.20.00 which reads: "Ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus". The Board's view is supported by concordance data which indicates that a significant portion<sup>(1)</sup> of the goods under item 47600-1 would be classified to item 9019.20.00. Whereas the goods, in themselves, are properly provided for, articles/materials thereof are not all given free entry; item 9019.20.00 is not included in Code 2550.

**The Board recommends therefore that, in Schedule II, Code 2550 be revised to include the following:**

**Oxygen administering apparatus of tariff item No.  
9019.20.00.**

Also eligible for free-entry under former tariff item 47900-1 are the articles and materials related to the goods of previous item 47605-1. The reference here is to "electrocardiographs, paper and sensitized film for use therein", and to "electroencephalographic paper", both being specialty paper products which constitute goods of considerable importance for use in hospitals and medical clinics. They are provided for, in the new Tariff, in Chapter 48, specifically, in HS tariff item No. 4823.40.10 ("Electrocardiographic/electroencephalographic charts") at Free.<sup>(2)</sup> However, the materials (paper feedstocks) for such chart paper is not given free entry in the HS-based Tariff although such free entry applied in the former Tariff by reason of item 47900-1.

<sup>(1)</sup> Cross-reference data indicates that 2.8 per cent (over \$12 million annually) of importations under item 47600-1 would be classified to tariff item No. 9019.20.00.

<sup>(2)</sup> The Board, as well, has elsewhere recommended that an additional HS item be introduced into Chapter 37 to cover electrocardiographic/electroencephalographic charts. See page 40.

The Board is of the view that this previous treatment should be restored and therefore recommends that Code 2550 be amended to include an added line as follows:

**Electrocardiographic/electroencephalographic charts of  
tariff item No. 3703.90.10 or 4823.40.10**

A similar amendment is proposed for Code 2550 respecting certain other goods enumerated in former item 47605-1, namely, "infant and patient medical alert or identification devices including beads, tapes and ribbons of any material, cases therefor and equipment for their application". These products, as described, are of evident significance; Cross Reference Tables indicate that these medical alert/identification devices account for 8.1 per cent of total imports under item 47605-1 (about \$2.5 million in 1980-1982). These goods, in themselves, have a specific and separate provision, at Free, in Schedule II (Code 2515). Again, however, the articles/materials pertaining to their manufacture do not have a free provision as was formerly the case by reason of item 47900-1. Given the apparent importance of the goods in question, the Board's view is that the former treatment respecting their component articles and materials should be preserved.

The Board thus recommends, in Schedule II, the further amendment of Code 2550 to include the "goods of" Code 2515

Former item 47900-1 also permitted free entry for those articles and materials used in manufacturing "aural, nasal, mastectomy and other medical or surgical prostheses ...". These latter goods themselves are enumerated in former tariff item 47810-1. Such prostheses devices are, in the new Tariff, classified (at free) to heading No. 90.21. While Code 2550 includes the articles/materials of heading No. 90.21, this inclusion is, however, limited to the articles/materials of "orthopaedic appliances". To effect a better alignment of this Code in relation to former item 47900-1, a broadening of this reference to heading No. 90.21 is deemed necessary to include other artificial parts of the body, i.e., all types of medical prostheses.

The Board thus recommends that in Schedule II, line 8 of Code 2550 be amended to read as follows:

Orthopaedic appliances or artificial parts of the body of heading No. 90.21 (other than those of subheading Nos. 9021.21 and 9021.29)

By reason of the broad provision of tariff item 47900-1, articles and materials relating to the manufacture of "artificial larynges" and "devices for amplifying speech to audible volume" qualified for free-entry. The goods themselves were free of duty under former tariff item 47830-1. Artificial larynges are classified to tariff item No. 9021.90.00 where the rate of free applies;<sup>(1)</sup> however, there is no provision in the new Tariff granting free-entry for their related articles/materials since item 9021.90.00 is also not listed in Code 2550.

The Board thus recommends the following addition to Code 2550, in Schedule II:

**Speech-aids of tariff item No. 9021.90.00**

There is a similar problem respecting previous tariff item 47900-1 in its relationship to the goods covered by item 47830-1. This latter item specifies that "... devices for the audible or visual recording or reproduction of speech or attempted speech, for use in training" be accorded free entry. This former provision, in aid of mute persons or those who are speech-disabled, is not, however, brought forward into the new Tariff. The Board's view is that such a provision should not be overlooked; it notes that, principally in Schedule II, there are several similar provisions for persons who are hearing or vision-impaired and for persons otherwise disabled.

The Board thus recommends that a new Code be introduced into Schedule II as follows (as Code 2575, subject to renumbering):

<sup>(1)</sup> "Artificial larynges" and "devices for amplifying speech to audible volume" are included in subheading No. 90.21 as "speech aids".

**MFN  
Rate**

<b>Code 2575 Goods of Chapter 85 or 90, including parts or accessories thereof, for the audible or visual recording or reproduction of speech or attempted speech, for use in training .....</b>	<b>Free</b>
--	-------------

The Board points out that, previously, free entry further applied under tariff item 47900-1 to those articles/materials used in the manufacture of devices for audible or visual speech reproduction. The Boards' view is that a change in Schedule II should also be made in that this former treatment of articles/materials has not been retained upon conversion.

**The Board recommends therefore that, in Schedule II, line 13 of Code 2550 be amended so as to include, in addition, the "goods of" Code 2575.**

Former tariff item 47835-1 enumerates certain goods which are given duty-free status "when ... for the use of a disabled person or of a public hospital". Among the goods so specified are "patient lifters", "powered feeders" and "powered page-turners".<sup>(1)</sup> Such equipment, however, becomes dutiable in the revised Tariff and, further, the previous duty-free treatment under former tariff item 47900-1 respecting articles/materials thereof is not preserved. Information obtained by the Board indicates that hospitals and rehabilitation centers make substantial use of the equipment here described. The Board's view thus is that free entry should be clearly provided for in the new Tariff, both for the equipment itself and for articles/materials used in its manufacture. In Schedule II, under a header pertaining to disabled persons and public hospitals, there are already three Codes established (Codes 2522-2524) which cover some of the goods now under tariff item 47835-1.

**The Board recommends that the following additions be made, in Schedule II, under the existing header referred to:**

<sup>(1)</sup> Patient lifters are separate mechanical devices, normally wheeled and with hydraulic operation or a sling-type arm, for moving patients to beds, chairs, to a pool for therapy, etc. Powered feeders and page turners also comprise equipment for the care of the disabled.

	MFN Rate
Code 2521 Patient lifters of tariff item No. 8428.90.90 and parts thereof of tariff item No. 8431.39.20 .....	Free
Code 2525 Powered feeders or powered page turners of tariff item No. 8479.89.90 and parts thereof of tariff item No. 8479.90.60 .....	Free

The Board further recommends that new Codes 2521 and 2525, as above, be named in line 13 of Code 2550, under the header covering articles and materials for hospital/medical goods.

#### OTHER TARIFF ITEMS

Tariff Item 49220-1: This former item, with a rate of Free, also comprised a broad provision applying to numerous materials as follows:

Materials for use in the manufacture of the goods specified in tariff items ... (a listing follows of 13 tariff items)

The 13 tariff items so enumerated in themselves contain lengthy listings of products which cover most of the machinery, apparatus and articles used in oil/gas exploration and production and used in some mining. Tariff item 49220-1 in essence thus gave free entry to all materials used in the manufacture of oil/gas equipment.

This tariff item is, in Schedule II, carried forward as Codes 2205, 2210, 2215 and 2220. The header to these four Codes is "materials for use in the manufacture of the goods of Section XVI, such goods being used in the following operations".

In the Board's view the wording of this header is significantly narrower than the coverage which formerly pertained. This Schedule II header restricts the eligibility of materials to only those used for the "goods of

Section XVI". The scope is thus limited to the machinery and electrical equipment of Chapters 84 and 85. In contrast, the 13 tariff items which are referred in tariff item 49220-1 contain numerous products which are clearly classified to Chapters other than 84 and 85.

Some specific examples can be cited. Former tariff item 49101-1 listed, among other goods, "belting and hose, wholly or partly of rubber" and "moulded or extruded rubber products". Such rubber goods are classified to Chapter 40, not to Chapters 84 and 85. The exclusion of the goods of Chapter 40 from the header to Code 2205 would exclude the materials thereof for their manufacture. According to cross-reference data<sup>(1)</sup> rubber materials at present entering under current tariff item 49220-1 amount to roughly \$850,000 annually but would become non-eligible. As a second example, former tariff item 49103-1 covered "drilling, servicing or work-over rigs"; some of these rigs, as mobile drilling derricks, would clearly come under Chapter 87 rather than under Chapter 84. Further, it is clear that goods such as "seismic instruments" and "surveying instruments", formerly classified to tariff item 49105-1, would be classified to Chapter 90 rather than as "goods of Section XVI".

According to the Board's analysis, the restriction found in the Schedule II header to "goods of Section XVI" would, with respect to the 13 tariff items listed in tariff item 49220-1, reduce the scope of the goods covered by roughly 20%. Accordingly, considerably fewer materials would qualify for duty-exempt treatment. To align the scope of Codes 2205-2220 closer to that previously existing, the Board considers it necessary to broaden the coverage of the eligible goods in the preamble to include the goods of Chapter 40, 73, 87 and 90.<sup>(2)</sup>

(1) Subsequent to 1982 the tariff structure pertaining to many oil/gas provisions has been changed. However, the cross-reference tables available for the most part remain valid as indications of trade allocations pursuant to conversion.

(2) Code 2240 contains a somewhat over-lapping provision with respect to Chapter 90. This Code covers materials used in the manufacture of the "geophysical instruments" of heading No. 90.15; however, the rate of duty is 9.2%, not free.

The Board thus recommends that, in Schedule II, the header applicable to Codes 2205 through 2220 be amended to:

**"Materials for use in manufacture of goods of Section XVI and of Chapters 40, 73, 87 and 90, such goods being used in the following operations:"**

Tariff Item 41220-1: This former provision accords free entry to:

Articles and materials which enter into the construction and form part of the machines and apparatus entitled to entry under tariff items 41201-1, 41205-1 and 41215-1, when for use in the manufacture of such machines, apparatus and parts thereof

The machines/apparatus covered here by reference to the three tariff items include printing presses, equipment used by lithographers, bookbinders, typesetters, paper converters, etc. The wording of this item clearly means that the eligible articles/materials are those which are actually incorporated into machines such as printing presses. The governing phrase in this respect is "form part of" the machines and apparatus.

The Board's view is that this wording carries the same interpretation as the definition found in Section 4 of the new legislation, that is, the expression "for use in" can be taken as corresponding to "enter into the construction and form part of".

In Schedule II, however, the present meaning is not brought forward accurately. Former tariff item 41220-1 is brought forward in the new Tariff as Codes 1920 and 1921. The header to these Codes is: "Articles and materials to be employed in the manufacture of the following ...". As pointed out earlier, the term "to be employed in" is newly-introduced and here is taken to include, or refer to, plant production machinery used to manufacture printing presses, lithography equipment and the like. This does not appear to be the intent of the original legislation per tariff item 41220-1 which restricts the qualifying articles/materials to those which actually "enter into" and "form part of" the referred goods.

The Board's inclination, in instances where ambiguity arises from conversion, is to return as much as feasible to the exact wording found in former legislation. On the other hand, this can lead to an unnecessary proliferation of different terms. In the case of former tariff item 41220-1, the Board is satisfied that the term "for use in" as defined in the new Customs Tariff conveys essentially the same meaning as the key wording found in the former item.

Although there are thus alternatives as to how to effect a better alignment, the Board concluded that the meaning conveyed by the header to Codes 1920 and 1921, at it now stands, would be substantively different compared to that of the former item and that amendment is required. While an amendment is thus deemed necessary respecting the end-use provision, the Board is otherwise satisfied that the goods covered by these Codes accurately reflects the former coverage.

The Board thus recommends that, in Schedule II, the header preceding Code 1920 be amended to:

Articles and materials for use in the manufacture of the  
following ...

Tariff Item 44022-1: This former item encompasses, at MFN Free, numerous manufactures of metal used in ships, boats and floating structures. Inasmuch as this item was addressed in submissions to the Board, it was dealt with previously in the Part 2 report of Volume V,<sup>(1)</sup> where certain amendments are recommended to Code 2360. No further changes are suggested here.

Tariff Items 44105-1, 44110-1, and 44115-1: In the former Customs Tariff these three items were all-embracing, either by reason of their nomenclature or by reason of administration. Tariff item 44105-1 pertains to "all tools and machinery necessary for any factory to be established in Canada for the manufacture of rifles for the Government of Canada". Following tariff item

(1) Reference 163 - Conversion of the Canadian Customs Tariff to the Harmonized System of Customs Classification, Phase V, Part 2 Report.

44110-1 covered "all materials or parts in the rough" for this same end use. Tariff item 44115-1 covered steel imported for the manufacturing of parts for such rifles. The three former items provided for free entry. In Schedule II, these existing provisions are carried forward as Codes 2760 through 2772.

The Board questions the need for bringing forward these outdated existing provisions into the HS-based Customs Tariff. As pointed out earlier, the Board's approach is that the ancillary provisions found in Schedule II should be condensed and simplified as much as possible. To this end, deletions are desirable where goods are clearly of minor importance in trade or manufacture, or are obsolete given current technology, or where existing provisions have not been used and appear unlikely to have future use. In the case of items 44105-1, 44110-1 and 44115-1, these provisions have not been used for many years and their retention in Schedule II is cumbersome, requiring six separate Codes.

**The Board views it as unnecessary to carry forward, in Schedule II, Codes 2760 through 2772, and recommends their deletion.**

Tariff Item 44205-1: This item accorded free entry to numerous named goods of metal when used in the manufacture of listed machinery/apparatus. Articles and materials, if not made in Canada, were also provided for where end-use criteria were met. The former provision is brought forward in Codes 1940 and 1950. Item 44205-1 was the subject of several briefs and also was dealt with earlier in Part 2. A substantial restructuring of Code 1940 has already been recommended and no further change is proposed here.

Tariff Item 85001-1: Under the all-embracing wording " materials of all kinds", this former item extends free entry to numerous chemicals and compounds for use in manufacturing goods such as disinfectants, insecticides, fungicides ... (i.e., those goods described in former tariff item 93811). In Schedule II, there are two Codes which correspond to former tariff item 85001-1:

Code 0291 - Other goods of Chapter 28 or 29

Code 0292 - Preparations of subheading No. 3402.90

The scope of Codes 0291 and 0292, taken together, has been narrowed compared to the former provision and certain goods have thus been excluded from free entry. According to cross-reference statistics approximately 3.6% per cent, or \$4.6 million in 1980-82, of the goods formerly duty free under 85001-1 have become dutiable upon conversion. This results from the exclusion in Codes 0291 and 0292 of surface-active agents entered under Chapter 34 (under subheading Nos. 3402.11 and 3402.13). Also excluded would be importations under subheading No. 3907.20, formerly classified to 85001-1 as well.

The proposed conversion of tariff item 85001-1 was the subject of several briefs submitted by manufacturers of agricultural chemicals. Pursuant to such submissions, additions to Code 0291 were earlier recommended by the Board in its Part 1 Report.<sup>(1)</sup> Subsequently, further information has been submitted which warrants a further amendment. The Board is now of the view that, to correctly align the scope of Schedule II vis-à-vis former item 85001-1, the goods of heading No. 34.02 in its entirety should be included in the relevant Code.

The Board recommends that Codes 0291 and 0292 be consolidated into one provision with a somewhat broadened scope as follows:

	<u>MFN</u> <u>Rate</u>
Code 0291 Other goods of Chapter 28 or 29; surface-active agents or preparations of heading No. 34.02; goods of subheading No. 3907.20.....	Free

The above recommendation constitutes a revision or corrigendum to the Board's earlier recommendation in Part 1 regarding tariff item 85001-1.

<sup>(1)</sup> Reference 163 - Conversion of the Canadian Customs Tariff to the Harmonized System of Customs Classification, Phase V, Part 1 Report, page 21.

#### IV. SPECIFIC RECOMMENDATIONS - OTHER END-USE ITEMS

In this section the Board examines the conversion of all of the remaining end-use items not reviewed elsewhere in Volume V. The Board makes only a comparatively few recommendations regarding these remaining end-use items, the conversion of which was, for the most part, accomplished in a straight-forward manner.

The Board found it useful, as done in the earlier phases of Reference 163, to make a distinction between recommendations which deal with restoring, in the new Customs Tariff, the rate of duty obtained in the previous tariff and recommendations involving the restoration of the nomenclature. First, rate recommendations are presented. A subsequent discussion presents the recommendations dealing with nomenclature revisions.

Rate changes are proposed, as previously, only when the following criteria are met, namely: 1) when the rate applicable under the new (HS) Customs Tariff involves an increase/decrease of at least 2.5 percentage points from the previous tariff schedule; 2) when such a change in the rate of duty affects at least one per cent of the goods that were imported under the former tariff item; and 3) when the amount of trade affected is at least \$100,000 annually.

##### A. RATE REVISIONS

###### Tariff Item 6931-2

This former item, carrying an MFN duty of 4 p.c., pertains to "cattle food containing molasses, not containing dairy products". This item was recently introduced (in November, 1984) into the previous Customs Tariff and is significant with imports under it of about \$930,000 in 1985 and \$750,000 in 1986. Such imports were predominantly complete dairy and cattle feeds, classified to CITC commodity code 157-09-90. Therefore these feeds, entered under former item 6931-2, will chiefly be classified under the new Tariff to item 2309.90.92.11 "Complete feeds... not containing dairy products" at MFN free, not at 4 p.c. MFN.

The Board deems that a revision is warranted to Chapter 23 of the current Customs Tariff in order to restore the tariff treatment formerly accorded to the feed types entered under item 6931-2. It is therefore recommended that a new provision be introduced under subheading No. 2309.90 as follows:

	<u>MFN Rate</u>
2309.90.80.00 ---Bovine feed, containing molasses, not containing dairy products.....	4%

Tariff Item 32701-1

In the former Customs Tariff this item, with an MFN rate of 10.2 p.c., covered "shapes of glass or plastic for use in the manufacture of spectacle and eyeglass lenses". The glass shapes are covered under subheading No. 70.15 of the new Tariff as follows:

	<u>MFN Rate</u>
7015.10            -Glasses for corrective spectacles	
7015.10.10       ---Lens blanks, not optically worked.....	Free
7015.10.90       ---Other.....	10.2%

The problem created by this revision is that the "shapes of glass" of item 32701-1 essentially are "lens blanks, not optically worked". These goods, formerly dutiable at 10.2 p.c., would thus be classified to 7015.10.10 at the MFN rate of Free. Therefore, conversion to the HS schedule involved a substantial loss in protection; imports under item 32701-1 are quite substantial, about \$15 million annually during the base year period.

The free rate shown for HS item No. 7015.10.10 derives from former tariff item 41040-1 which reads:

Safety goggles, safety spectacles and safety face shields designed for eye protection of workers employed in hazardous work; parts, thereof, including lenses, frames and face shield adaptors for safety helmets; plastic or glass shapes for lenses thereof

Clearly, only plastic and glass shapes for the specified end-use are duty free and not the other plastic and glass lens blanks. Such other blanks are dutiable at MFN 10.2 p.c. Therefore tariff item No. 7015.10.10 should be restricted to glass shapes, not optically worked, for safety goggles or safety spectacles designed for use by workers employed in hazardous work. Glass lens blanks for all other purposes would then be classified to 7015.10.90 at 10.2 p.c.

The plastic shapes for the end use of item 41040-1 are specifically provided for in 3926.90.20 at MFN Free. Plastic shapes for all other uses are dutiable at 13.6 p.c. MFN under tariff item No. 3926.90.90.90.

The Board recommends that tariff item No. 7015.10.10 be amended to read as follows:

	<u>MFN</u> <u>Rate</u>
7015.10.10 ---Lens blanks, not optically worked, <u>for safety goggles or safety spectacles designed for use by workers employed in hazardous work</u> .....	Free

The Board further recommends a related revision to tariff item No. 3926.90.20. To improve the alignment of the wording of this HS provision to that of former item 41040-1 the term "for the lenses of " should be added inasmuch as the lenses per se are provided for at Free in tariff item No. 9001.40.10 or 9001.50.10. The nomenclature recommended for HS tariff item No. 3926.90.20 is:

Shapes of plastics for the lenses of safety goggles or safety spectacles...

Tariff Item 41012-1

Machinery and apparatus for use in mining, quarrying, the development of mineral deposits, or the processing of ores, metals or minerals, namely:

Mine roof and wall supports and support systems, of metal, including yielding props, chocks, roof-bars, and chock release apparatus, but not including roof bolts or washers or nuts therefor;

Mining machines for extracting and loading minerals directly from the working face of a mine;  
Trucks, tractors, or shuttle cars, self-propelled, for use exclusively underground;  
Tubes or shells to be inserted in the face for breaking down coal or other minerals by the release of carbon dioxide or compressed air; pipes, tubes and fittings for use therewith;  
Parts of all the foregoing

The goods are covered by tariff item No. 7308.40.10 of Schedule I and Codes 1340, 1341, 1342, 1343 and 1344 of Schedule II of the new Customs Tariff.

In accordance with its criteria the Board recommends the restoration of the free rate of duty and the attendant end-use provision of item 41012-1 by the addition of the following codes to fall under the preamble which preceeds Code 1340:

	MFN Rate
Code 1345 Machinery of tariff item No. 8474.80.90 and parts of thereof of tariff item No. 8474.90.40 .....	Free
Code 1346 Gears and gearing of tariff item No. 8483.40.00 for use in the machinery of Code 1341, 1342, 1343, 1344 or 1345 .....	Free

Tariff Item 44062-1

Hinges entitled to entry under tariff items 35200-1, 35400-1 and 36215-1;  
Furniture entitled to entry under tariff items 35400-1, 44603-1, 61800-1 and 93907-1;  
Castings entitled to entry under tariff items 35400-1 and 39000-1;  
Forgings entitled to entry under tariff item 39200-1;  
Sealed-beam lamps entitled to entry under tariff items 44504-1, 44504-2, 44504-3, 44504-4 and 44504-5;  
Microphones entitled to entry under tariff item 44536-1;  
Magnesium castings entitled to entry under tariff item 71100-1;  
Mirrors, optically worked, entitled to entry under tariff item 32305-1  
Glassware, optically worked, entitled to entry under tariff item 32648-1;

Goods except parts, entitled to entry under tariff items 44028-1, 44300-1, 44300-2, 44514-1, 44538-3, 44538-4 and 44540-1;

Goods entitled to entry under tariff items 31200-1, 36800-1, 41417-1, 41417-2, 41417-3, 41505-1, 41505-2, 41505-3, 42400-1, 42405-1, 42700-1, 42701-1, 43005-1, 43300-1, 44053-1, 44057-1, 44059-1, 44500-1, 44502-1, 44512-1, 44516-1, 44524-1, 44524-7, 44524-8, 44524-9, 44524-10, 44524-11, 44526-1, 44532-1, 44532-2, 44533-1, 44533-8, 46200-1 and 47100-1:

Non-electric parts of water closets.

All the foregoing when for use in the manufacture, repair, maintenance, rebuilding, modification or conversion of the goods enumerated in tariff item 44060-1.<sup>(1)</sup>

The applicable provisions of item 44062-1 have been maintained in Code 9350 of Schedule II. This serves to preserve Canada's international commitment under provisions of the Agreement on Trade in Civil Aircraft.

Nevertheless, the Board's review of item 44062-1 indicates that parts of HS tariff item No. 8518.90.40 for headphones, earphones, combined microphone/speaker sets and electric sound amplifier sets meet the Board's criteria for restoration. They are missing from Code 9350. The Cross Reference Tables show trade of \$2.2 million in such parts as entering free of duty during 1980-82 under item 44062-1 and now being MFN dutiable @ 10.3%.

Similarly, electrical apparatus for switching or protecting electrical circuits, or for making connections to or in the electrical circuits of HS tariff item No. 8536.90.90 accounted for \$1 million of trade, free of duty under tariff item 44062-1. These goods will now be MFN dutiable @ 10.3% inasmuch as they are not covered by Code 9350.

<sup>(1)</sup> Former tariff item 44060-1 covered civil aircraft and civil aircraft engines.

9351 Parts of headphones, earphones, combined microphone/speaker sets and electric sound amplifier sets of tariff item No. 8518.90.40; electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits for a voltage not exceeding 1,000 volts of tariff item No. 8536.90.00; for use in the manufacture, repair, maintenance, rebuilding, modification or conversion of Civil Aircraft or ground flying trainers of a type entitled to the benefits of Code 9300 or 9325 .....

Free

Fibre optic operating room lights; chairs and tables for surgical operating purposes; infant incubators; infant and patient medical alert or identification devices including beads, tapes and ribbons of any material, cases therefor and equipment for their application; electrocardiographs, paper and sensitized film for use therein; unexposed instant film; apparatus for sterilizing purposes, including bedpan washer-sterilizers but not including washing nor laundry machines; parts of all the foregoing; electroencephalographic paper. All for the use of any public hospital, under such regulations as the Minister may prescribe.

Some of these goods are covered by Codes 2514, 2515 and 2516 of Schedule II for the same end-use.

In the application of its criteria, the Board noted that electrocardiographic/electroencephalographic charts were provided for at the appropriate free rate of duty under item No. 4823.40.10. Also, sensitized film for use therein is free under Code 2514. However, sensitized paper for such use became dutiable. After verification with a local hospital, the Board recommends the restoration of the Free rate for the following sensitized paper products, by the addition of a new tariff item.

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3703.90      -Other
3703.90.10.00 ---For use in the manufacture of electrocar-
               diographic/electroencephalographic charts...
3703.90.90.00 ---Other .....

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Free  
10.4%

Tariff Item 49110-1

Machinery and apparatus for use in exploratory or discovery work in connection with oil... wells or for the development, maintenance, testing, depletion or production of such wells up to and including the wellhead assembly or surface oil pumping unit...

Mud pumps over 1,000 h.p.; power turntables; 8-way rotary selector valves and actuators; air actuated dry clutches and mechanically actuated clutches; hydramatic brakes; parts of all the foregoing

Certain of these goods are covered for the same end use under Codes 1556 and 1557 of Schedule II.

In the application of its criteria, the Board noted that certain such mud pumps were provided for at the appropriate Free rate of duty under tariff item No. 8413.50.10 as reciprocating pumps, while other pumps were made dutiable. Verification with the trade reveals that other pumps are used as well.

Accordingly the Board recommends restoration of the concessionary rate of duty for the following other mud pumps by adding a new tariff item as follows:

		<u>MFN</u> <u>Rate</u>
8413.81	--Pumps	
8413.81.10.00	---Mud pumps of a power exceeding 745 KW .....	Free
8413.81.90.	---Other .....	9.3%
10	-----Ejector Pumps .....	
90	-----Other .....	

Tariff Item 56240-1

Subsequent to the public hearing for Phase V, representations were received from Gates Canada Inc., a major Canadian manufacturer of transmission belts (chiefly "V-belts"). The Board has reviewed these post-hearing representations and, as discussed below, recommends certain changes to Schedule II respecting Code 1830.

As a result, the Board is of the view that the scope of item 56240-1 has been substantially narrowed vis-à-vis its counterpart provision in the new Tariff, Code 1830. Former item 56240-1, with an MFN duty of 17.5 p.c., was as follows:

Woven fabrics, wholly or in part of man-made fibres or filament, not containing silk, wool or hair, whether or not coated or impregnated, when imported by manufacturers of conveyor or transmission belts or belting containing rubber, for use in the manufacture of such belts or belting

While the product coverage of item 56240-1 encompasses many kinds of fabrics, whether or not coated or impregnated, the coverage of Code 1830 covers only fabrics which have not been coated or impregnated. Moreover, it also includes fabrics up to 15 per cent by weight of cotton but not woven fabrics, wholly or in part of man-made fibres, containing more than 15 per cent cotton. Code 1830, with a duty of 17.5%, is as follows:

Woven fabrics of tariff item No. 5407.10.00, 5407.41.00, 5407.42.00 or 5407.60.00 for use in the manufacture of conveyor or transmission belts or belting containing rubber

Gates Canada has submitted that it has imported significant quantities of woven fabrics under former item 56240-1 which are coated or impregnated, i.e., cotton-, nylon- and polyester-based fabrics which are treated with latex or an adhesive. Such products would be classified to Chapter 59 and more specifically to item 5907.00.13 ("other, textile fabrics

containing man-made fibres" - otherwise "impregnated, coated or covered"). Since Code 1830 restricts eligibility to only certain goods in Chapter 54, the described impregnated or coated fabrics would be dutiable at 25% MFN under the new HS schedule whereas end-use item 56240-1 of the previous Customs Tariff accorded an MFN rate of 17.5 p.c. Gates Canada also claimed that it imported coated or impregnated fabrics not containing man-made fibres under end-use item 56240-1 at 17.5 p.c. MFN, and that the HS rate of 22.5 p.c. under tariff item 5907.00.12 represented a conversion anomaly. However, item 56240-1 clearly does not cover fabrics wholly of natural fibres.

Gates Canada has imported significant quantities of woven fabrics of rayon under item 56240-1. This is confirmed by reported trade statistics which indicate that various rayon products enter under this end-use item. Code 1830, however, restricts admissibility to only goods of heading No. 54.07 which covers synthetic yarns such as nylon and polyester; woven fabrics of rayon are classified, rather, to heading No. 54.08 which is not included in Code 1830. The Board's view is therefore that tariff item No. 5408.10.00, "woven fabrics obtained from high tenacity yarn, of viscose rayon", should also be provided for in this Code.

The Board further notes that a large proportion of imports under present item 56240-1 consists of "rubber coated fabrics".<sup>(2)</sup> Rubberized textile fabrics per se are, in the new Customs Tariff, classified separately to heading No. 59.06. They would also be excluded from Code 1830 in its present form despite evidently substantial current imports of rubberized products under item 56240-1. While the rate formerly applying was 17.5 p.c., the rates under heading No. 59.06 are 22.5% or 25%. The Board's opinion is that, for clarity, certain items of this heading should also be listed in Code 1830.

<sup>(2)</sup> According to commodity break-downs, under item 56240-1 in 1986 about 49 per cent of total imports were of "rubber coated fabrics" (commodity class 387-39).

The Board therefore recommends that several additional tariff items be introduced into Code 1830 to align the scope of this Code more accurately with that of end-use item 56240-1 as follows:

Woven fabrics, for use in the manufacture of conveyor or transmission belts or belting containing rubber, of tariff item No:

5407.10.00	5408.10.00
5407.41.00	<del>5906.91.20</del>
5407.42.00	<del>5906.99.20</del>
5407.60.00	<u>5907.00.13</u>

## B. NOMENCLATURE AMENDMENTS

For this section the Board presents its recommendations for the statutory end-use provisions contained in Schedule I and II of the new HS Customs Schedule which as a result of the conversion, underwent significant and unacceptable changes from the wording, scope and thus the tariff treatment accorded by these provisions under the previous Customs Tariff. The main focus is on whether or not the new nomenclature would mean a change in scope, either with respect to the goods enumerated or to the end-use provision applicable to them. The Board only recommends a nomenclature amendment where, otherwise, there would probably be a significant change in tariff treatment pursuant to conversion.

It should be noted that the Board has already made a number of nomenclature recommendations pertaining to statutory end-use provisions in Volumes I through IV of Reference 163. The Board does not in this further review duplicate, or bring forward again, any nomenclature recommendations which were previously made.

### Tariff Item 200-1

Domestic fowls, pure-bred, for the improvement of stock, homing or messenger pigeons, and pheasants

Whereas the end-use provision of this item stipulates "for the improvement of stock", this term has been converted in subheading Nos. 0105.11 and 0105.19 to "for breeding purposes". This latter term is viewed as

substantially broadening the scope of the original legislation; most breeding in this context is likely for fowl for eventual resale. Breeding for stock improvement is construed to comprise only one purpose or activity within the breeding of domestic fowl more generally. Thus, fowl, which is now free of duty under these two items of the current Customs Tariff would otherwise be dutiable under 0105.11.90 at 2¢ each and under 0105.19.91 or 0105.19.92 at 12.5% and 4.41¢/kg, respectively.

The Board recommends that the wording under subheading Nos. 0105.11 and 0105.19 be amended to read as follows:

0105.11.10.00 ---For stock improvement  
0105.19.10 ---For stock improvement

Tariff Item 19755-1

Paper or fibreboard, decorated or not, not including glassine, for use only in the manufacture of goods described in headings 93901 to 93905

Headings 93901 to 93905 covered artificial resins and plastic materials, cellulose esters and ethers, and articles thereof of Chapter 939 of the former Customs Tariff other than certain high polymers, artificial resins and plastic materials of heading 93906 and non-specified products falling under heading 93907.

While it is appreciated that the papers and paperboard in question may not be used in the manufacture of all the goods falling under the headings 93901 to 93905, viz. primary forms, Code 0820, which replaces former item 19755-1, is limited to HS heading No. 39.21 covering certain plates, sheets, film, foil and strip, of plastics. As a result, the scope of tariff item 19755-1 is considerably reduced.

In response to a submission from DOMCO Industries Ltd., the Board made a recommendation to extend the scope of present Code 0820<sup>(1)</sup>

<sup>(1)</sup> Reference 163: Canada's Customs Tariff According to the Harmonized System, Volume V, Part 1, p. 9.

Further analysis now leads the Board to recommend additional changes to restore, as much as possible, the former end-use provision by the addition of the following to the nomenclature of Code 0820:

0820 Paper and paperboard of tariff item No. 4804.41.21, 4805.60.99, 4811.31.90, 4811.39.00 or 4811.90.00 for use in the manufacture of the goods of heading No. 39.18, 39.19 or 39.21

Tariff Item 40924-1

Aluminium sluice-type devices for controlling water in irrigation ditches; Animal clippers; Automatic stock watering devices; Barn hay forks, carriage, pulleys and track; Barn litter carriers and track; Combination excavating and transporting scraper units; Egg cooling cabinets; Elevators (other than storage elevators); Grain crushers; Grain or hay dryers; Grain or hay grinders; Grain loaders; Gravity discharge farm wagon boxes; Hay stack forms; Heaters for orchards; Hitches and couplings; Hydraulic hoists for unloading vehicles; Land levellers; Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; Milk coolers: Sodium metabisulphite; Sprinkler irrigation systems; Steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlours; All the foregoing for use on the farm for farm purposes only;...

Item 40924-1 accords free entry to a lengthy listing of agricultural implements and machinery. This is a two-part item with the goods (23 categories) enumerated in the first part, reproduced above, subject to an end-use provision. The enumeration of the item commencing with "brooders" in the second part of the item is not at issue here since no end-use requirement attaches to those goods.

The full end-use provision in this instance consists of two stipulations: "on the farm" and "for farm purposes only". "On the farm" is a locational restriction while "for farm purposes only" limits the use to farm as against personal use by the farmer. Much farm equipment, such as tractor attachments or sprinklers, has a dual use in that it can be employed on the farm for agricultural as well as non-agricultural activities. Strict interpretation of item 40924-1 prohibits even partial personal use for the equipment enumerated.

Many of the goods listed in item 40924-1 have been integrated into Schedule I without the end-use provision. Equipment such as grain loaders, hay stack forms, grain or hay grinders have clearly only an on-farm use. Moreover in these instances the rate of duty was not affected. While "combination excavating and transporting scraper units" have both farm and non-farm applications, an end-use distinction is unnecessary because this machinery is duty free in the new Customs Tariff regardless of use. Further, some of the equipment of previous item 40924-1 is accorded free entry when of an "agricultural or horticultural type". In the Board's opinion this descriptor is considerably broader in scope than "for use on the farm" particularly for "elevators (other than storage elevators)", classified under heading 84.28. In this instance, the term "for use on the farm" should be reinstated because the term "type" is a much broader replacement for the stipulation "for use on the farm".

Of all the goods entered under item 40924-1 only sprinkler irrigation systems have been transposed in Schedule II, namely in Code 2050. The lower rate of duty is restricted to use on the farm for farm purposes only. This is the sole instance in the new Customs Tariff where the term "for farm purposes only" is employed. The Board concludes that for consistency this wording be dropped. Moreover, the continuation of the term, in only one instance, is viewed as arbitrary, calling into question why the expression "for farm purposes only" was dropped in all other cases.

The Board therefore recommends that, in Code 2050, the term "for farm purposes only" be deleted. Also recommended, respecting tariff item Nos. 8428.20.10, 8428.32.10, 8428.33.10 and 8428.39.10, is the following revised wording pertaining to lifts, elevators, and various conveyors:

**"Agricultural or horticultural type, for use on the farm"**

Tariff Item 41047-1

Semi-diesel engines;  
Diesel dual fuel engines;  
Diesel engines of a power not exceeding 74.6 kW per cylinder or of a power exceeding 207.3 kW per cylinder or a displacement of less than 8 193.5 cm<sup>3</sup> per cylinder;

Engines, gas, of a power not exceeding 56 kW;  
Turbines, gas, of a power not exceeding 746 kW or of a power exceeding 44 742 kW;  
Air engines;  
Hydraulic general-purpose motors;  
Compressed gas general-purpose engines without combustion;  
Electric DC motors, of an output not exceeding 746 W;  
Hydraulic couplings for power transmission;  
Hydraulic pumps;  
Portable air compressors having a capacity exceeding 0.75 m<sup>3</sup>/s;  
Centrifugal, multi-stage, single suction pumps, with head over 5 516 kPa;  
Braised aluminum heat exchangers for cryogenic service;  
Parts of all the foregoing;

All the foregoing when otherwise classifiable under tariff items 41013-1, 41022-1, 41026-1, 41031-1, 49104-1 or 49215-1, or when for use in the distillation or recovery of products from natural gas

The end-use provision of item 41047-1 has been replaced, in part, by those found under tariff item No. 8407.90.20, 8408.90.10, 8411.81.10, 8411.82.10, 8412.29.10, 8412.39.10, 8413.70.10, 8414.40.10, 8419.50.10 and 8483.60.20 of Schedule I and Codes 1545 and 1546 of Schedule II. The new provision is limited to:

... the exploration, discovery, development, maintenance, testing, depletion or production of water, oil or natural gas wells, in mining or quarrying, or in the distillation or recovery of products from natural gas...

The Board does not consider that the end-use provision referred to under tariff item 41047-1 has been transposed completely by the noted HS provision. Tariff item 41047-1 referred to goods of tariff items 41013-1, 41022-1, 41026-1, 41031-1, 49104-1 and 49215-1. The following portions of the former end-use clauses have been dropped:

- tariff item 41013-1: "... development of mineral deposits, or the processing of ores, metals or minerals..."

- tariff item 41022-1: "...in the processing, smelting or refining of ores, metals or minerals..."
- tariff item 41026-1: "...producing coal gas and coke; machinery and apparatus for use in the distillation or recovery of products from coal tar or coal gas..."
- tariff item 41031-1: "...recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants..."
- tariff item 49104-1: "...in the exploration, discovery, development or operation of potash or rock salt deposits..."
- tariff item 49215-1: "...for use in recovering and producing crude oil from shales, oil-sands or tar sands..."

The Board thus recommends restoration of the missing end-use provisions of the noted former tariff items, by the addition of the following (underlined)provisions to tariff item No. 8407.90.20, 8408.90.10, 8411.81.10, 8412.29.10, 8412.39.10, 8413.70.10, 8414.40.10, 8419.50.10 or 8483.60.20:

...to be employed in the exploration, discovery, development, maintenance, testing, depletion or production of water, oil or natural gas wells, in mining, quarrying, or in the recovery or production of crude oil from shales, oil sands or tar sands or in the processing, smelting or refining of ores, metals or minerals or in producing coal gas or coke or in the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants or in the distillation or recovery of products from coal tar or coal gas or natural gas

With regard to Schedule II, the Board also recommends replacing the preamble which preceeds Code 1545 by the following:

The following to be employed in the exploration, discovery development, maintenance, testing, depletion or production of water, oil or natural gas wells, in mining, quarrying, or in the recovery or production of crude oil from shales, oil sands or tar sands or in the processing, smelting or refining of ores, metals or minerals or in producing coal gas or coke or in the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants or in the distillation or recovery of products from coal tar or coal gas or natural gas

Tariff Item 43842-1

Body bottom cross members and shapes steel for the manufacture thereof;  
Bumpers, front and rear, including spring steel bumper plates;  
Casket tables or platforms for hearses;  
Destination and route sign assemblies, illuminated or not;  
Direction signals, illuminated or not;  
Door and step mechanism, hand, vacuum or air operated;  
Door locks and catches;  
Electric switches, buzzers, bells, push buttons, fuse assemblies;  
Forward drive control conversion assemblies;  
Lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets thereof, assembled or not, but not to include lamp bulbs, sealed beam units, and electric head lamps;  
Metal stampings and assemblies thereof, whether or not coated with oil, primer or sound deadening compound;  
Rubber fenders;  
Seat operating mechanisms;  
Ventilators, including motor driven fan type, and grilles;  
Window operating mechanisms;  
Parts of all the foregoing;

All of the foregoing when imported to be used only in the manufacture or repair of motor truck bodies, motor bus bodies, electric trackless trolley bus bodies, fire fighting vehicles, ambulances and hearses

Not all of the parts listed above have been included in Schedule II under Codes 2370, 2371 and 2372, for the same end uses described under former item 43842-1. The Board does not recommend restoration for the parts omitted, however, inasmuch as its criteria are not met. On the other hand, the term "ambulances" has been deleted from the end-use provision of the noted Codes.

The Board recommends, therefore, that the term "ambulances" be added to the preamble to the noted code numbers.

Tariff Item 44330-2

Timing devices for apparatus for heating buildings; parts thereof

The devices under this former item are chiefly classified to Chapter 91, specifically 9107.00.10, "time switches... for incorporation into cooking or heating apparatus". A change in nomenclature is proposed regarding the term "for incorporation into". It was earlier noted that "for use in" is standard phrasing in many provisions of Schedule I and II. In some instances, this has been replaced by "to be employed in" depending on the nature of the goods involved and the context of the end-use. The term "for use in" is clearly defined in Section 4 of the new Tariff where it means "wrought into", "attached to", or "incorporated into". The Board has a decided preference for utilizing standard phraseology wherever possible to avoid confusion. In this instance "for incorporation into" is a new term introduced unnecessarily.

The Board recommends, therefore, that Tariff item No. 9107.00.10 be amended to:

For use in cooking or heating apparatus.

Tariff Item 61810-1

Tires and tubes, wholly or in part of rubber, for equipment of the agricultural implements and agricultural machinery specified in tariff items ...(15 enumerated tariff items)

This statutory concessionary provision is retained in the new Tariff in Code 1805. Code 1805 however restricts free entry to pneumatic tires. In the Board's opinion the word "tires" is all-inclusive and would cover not only pneumatic (i.e., inflatable) tires but, as well, solid rubber tires or non-inflatable tires which contain an inner air cushion. Furthermore, as it now stands, Code 1805 is inconsistent. It refers to tariff item No. 4012.90.19, which covers "solid press-on industrial tires" and not pneumatic tires. In the opinion of the Board, the term "pneumatic" unduly restricts the scope of the goods formerly covered by item 61810-1. It makes solid and non-inflatable tires for the specified end-users dutiable at rates ranging from 10.2% to 11.2% under heading No. 40.12.

The Board therefore recommends that, in Schedule II, Code 1805 be revised by deleting the word "pneumatic" and adding tariff items specifying

the other eligible types of tires as follows:

Tires of subheading No. 4011.91 or 4011.99 or of tariff item No. 4012.10.90, 4012.90.11, 4012.90.19, 4012.90.81, or 4012.90.89 and inner tubes...

Tariff Item 66345-1

Defluorinated calcium phosphates for use in the manufacture of animal or poultry feeds

The phosphates included under this former provision enter free of duty under Code 0041 of Schedule II. This Code identifies the phosphates as those classified to (HS) item No. 2835.25.00 or 2835.26.00. The phosphates classified to 2835.25.00 are, however, duty free in any event and do not require further inclusion in Schedule II. Code 0041 need only enumerate the goods of 2835.26.00 as being duty free for the end-use specified. Therefore, a minor alteration to Code 0041 is proposed here to avoid duplication.

The Board thus recommends that the enumeration of tariff item No. 2835.25.00 be deleted from Code 0041.

Furthermore, it is to be noted that the Board has recommended, in Section V of this report, that Code 0041 be deleted from Schedule II and transposed to the main Schedule.

Tariff Item 93100-1

Fertilizers, formulated; goods for use as fertilizers; all the foregoing whether or not otherwise provided for in this Chapter or elsewhere in Schedule A

The fertilizers and components thereof covered by this former item are given free entry through the numerous free provisions in Schedule I, chiefly in Chapter 31, or through Code 0015. A minor condensation of this code is recommended. Code 0015 is as follows:

Separate chemically defined compounds of Chapter 28 or 29 and double salts or mixtures of ammonium sulphate and ammonium nitrate, of subheading No. 3102.29, for use as fertilizers

However tariff item No. 3102.29.00 already provides MFN free entry for "...double salts and mixtures or ammonium sulphate and ammonium nitrate". Reference to subheading No. 3102.29 in Code 0015 is thus redundant.

The Board therefore recommends, to eliminate this unnecessary duplication, that Code 0015 be abbreviated to the following:

Separate chemically defined compounds of Chapter 28 or 29 for use as fertilizers

V: SPECIFIC RECOMMENDATIONS - CODES TRANSPORTED TO SCHEDULE I

The Board was asked to determine whether any of the statutory concessionary provisions of Schedule II might not more appropriately be placed in Schedule I. The Board, keeping in mind the need to condense and simplify the main schedules of the new Customs Tariff, recommends that Codes 0295, 0440, 0480, 0741, 0969, 0970, 1150, 1330, 1515, 1655, 1863, 1880, 2305, 2306, 2730 and 2870 be transferred, in the manner indicated below. These transfers require in each case only one additional tariff line.

MFN

Rate

CODE 0295:

Compounded rubber, non-alcoholic, in liquid or paste form, of tariff item No. 4005.10.00 or 4005.20.00, for use in the manufacture of sealing compounds for cans or jars.....	Free
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Recommendation:

4005.10	-Compounded with carbon black or silica	
4005.10.10.00	---Non-alcoholic, in liquid or paste form, for use in the manufacture of sealing compounds for cans or jars.....	Free
4005.10.90.00	--Other.....	10.3%
4005.20	-Solutions; dispersions other than those of subheading No. 4005.10	
4005.20.10.00	---Non-alcoholic, in liquid or paste form, for use in the manufacture of sealing compounds for cans or jars.....	Free
4005.20.90.00	---Other.....	10.3%

CODE 0440:

Polyvinyl alcohols of tariff item No. 3905.20.00 for use in Canadian manufactures.....	6.8%
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Recommendation:

3905.20	-Polyvinyl alcohols, whether or not containing unhydrolyzed acetate groups	
3905.20.10.00	---For use in Canadian manufactures.....	6.8%
3905.20.90.00	---Other.....	8.7%

<u>CODE 0480:</u>	MFN
<u>Rate</u>	
Porcelain hand forms of tariff item No. 6914.10.00 for use in the manufacture of rubber gloves .....	Free
Recommendation:	
6914.10 -Of porcelain or china	
6914.10.10.00 ---Porcelain hand forms for use in the manufacture of rubber gloves.....	Free
6914.10.90.00 ---Other.....	11.3%
<u>CODE 0741:</u>	
Filter paper of tariff item No. 4805.40.20 or 4805.40.90 for use in the manufacture of vacuum cleaner bags.....	6.5%
Recommendation:	
4805.40.20.00 ---Filter paper for use in the manufacture of vacuum cleaner bags.....	6.5%
4805.40.30.00 ---Other paper, not converted.....	6.5%
<u>CODE 0969:</u>	
Chenille yarns, containing 70% or more by weight of viscose rayon fibres, other than yarns produced by texturizing or twisting, of tariff item No. 5606.00.29, for use in Canadian manufactures.....	9.9%
Recommendation:	
5606.00.22.00 ----Containing 70% or more by weight of viscose rayon fibres, other than yarns produced by texturizing or twisting for use in Canadian manufactures.....	9.9%

MFN  
Rate

Code 0970:

Glass fibres of a length not exceeding 38 cm, whether or not carded, combed or otherwise processed, of tariff item No. 7019.10.10, for use in the manufacture of textile yarns.....	Free
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Recommendation:

2019.10.11.00	---Slivers and chopped strands ----Of a length not exceeding 38 cm, whether or not carded, combed or otherwise processed, for use in the manufacture of textile yarns.....	Free
2019.10.19.00	----Other.....	8.5%

CODE 1150:

The following for use in stuffing or dressing leather:

Wool grease, crude, of tariff item No. 1505.10.00.....	Free
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Recommendation:

1505.10	-Wool grease, crude	
1505.10.10.00	---For use in stuffing or dressing leather.....	Free
1505.10.90.00	---Other.....	10.2%

CODE 1330:

Woven fabrics of tariff item No. 5907.00.12 to be employed as "brattice cloth" in underground mining operations.....	Free
--	------

Recommendation:

5907.00.11.00	---Textile fabrics otherwise impregnated, coated or covered ----Made from woven fabrics, to be employed as "brattice cloth" in underground mining operations.....	Free
5907.00.12.00	----Oilcloth.....	11.3%
5907.00.13.00	----Other, textile fabrics not containing man-made fibres.....	22.5%
5907.00.14.00	----Other, textile fabrics containing man-made fibres.....	25%

MFN  
Rate

CODE 1515:

2-Furaldehyde (furfuraldehyde) of tariff item No.  
2932.12.00 to be employed in the refining of oils..... Free

Recommendation:

2932.12            --2-Furaldehyde (furfuraldehyde)  
2932.12.10.00    ---To be employed in the refining of oils..... Free  
2932.12.90.00    ---Other..... 12.5%

CODE 1655:

Metal inserts of tariff item No. 8529.90.90 for  
use in the manufacture of powdered iron or ferrite  
cores or other shapes..... Free

Recommendation:

                    ---Other  
8529.90.91.00    ---Metal inserts for use in the manufacture  
                    of powdered iron or ferrite cores or  
                    other shapes..... Free  
8529.90.99.00    ---Other..... 9.5%

CODE 1863:

Natural gas spark-ignition reciprocating or rotary  
internal combustion piston engines, of a power of 373 kW  
or more but not exceeding 746 kW, of tariff item  
No. 8407.90.90, for use in the manufacture of  
self-contained compressors..... 9.2%

Recommendation:

8407.90.30.00    ---Natural gas spark-ignition reciprocating or  
                    rotary internal combustion piston engines,  
                    of a power of 373 kW or more but not exceeding  
                    746 kW, for use in the manufacture of  
                    self-contained compressors..... 9.2%(1)

(1) This tariff item carries the GPT rate of Free.

MFN  
Rate

CODE 1880:

Parts of tariff item No. 8431.49.90 for use in the manufacture of road rollers of tariff item No. 8429.40.00.....	5.5%
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Recommendation:

8431.49.91.00 ---Other	
8431.49.91.00 ---For use in the manufacture of road rollers of tariff item No. 8429.40.00.....	5.5%
8431.49.99.00 ---Other.....	9.2%

CODE 2305:

The following for use in the manufacture of brake linings  
of subheading No. 6813.10 or clutch facings of subheading  
No. 6813.90:

Yarn with a basis of asbestos, of tariff item No. 6812.20.00.....	5.5%
--	------

Recommendation:

6812.20 ---Yarn and thread	
6812.20.10.00 ---Yarn with a basis of asbestos for use in the manufacture of brake linings of subheading No. 6813.10 or clutch facings of subheading No. 6813.90.....	5.5%
6812.20.90.00 ---Other.....	12.5%

CODE 2306:

The following for use in the manufacture of brake linings  
of subheading No. 6813.10 or clutch facings of subheading  
No. 6813.90:

Woven fabrics with a basis of asbestos, of tariff item No. 6812.40.00.....	8%
---	----

Recommendation:

6812.40 ---Woven or knitted fabric	
6812.40.10.00 ---Woven fabric with a basis of asbestos for use in the manufacture of brake linings of subheading No. 6813.10 or clutch facings of subheading No. 6813.90.....	8%
6812.40.90.00 ---Other.....	25%

MFN  
Rate

CODE 2730:

Parts of tariff No. 9209.99.90 for use in the manufacture of brass band instruments.....	Free
---	------

Recommendation:

9209.99.91.00	---Other ----For use in the manufacture of brass band instruments.....	Free
9209.99.99.00	----Other.....	10.6%

CODE 2870:

Glass envelopes of tariff item No. 7011.10.00 for use in the manufacture of incandescent electric filament lamps.....	Free
---	------

Recommendation:

7011.10	-For electric lighting	
7011.10.10.00	---For use in the manufacture of incandescent electric filament lamps.....	Free
7011.10.90.	---Other.....	10.1%
10	----For electric lamp bulbs.....	
90	----Other.....	

VI. CONVERSION OF TARIFF CLASSIFICATION DECISIONS MADE BY THE TARIFF BOARD

A final review of the board's mandate for Reference 163 has revealed that conversion to the new, HS-based tariff does not take into account the tariff treatment implicit in a number of decisions resulting from appeals to the Tariff Board and the Federal Court of Appeal. Specific reference here is to recent appeals on classification in which appellants have been successful, before the Board or Federal Court, in obtaining a classification decision which significantly lessened the MFN rate of duty applying to the imported goods under appeal. The rates of duty so established under the former tariff legislation, have not been carried over into the new Customs Tariff. It is the Board's opinion that, where conversion has neglected to do so, the more favourable tariff treatment accorded by Tariff Board or Court decisions should be continued under the new Customs Tariff.

The relevant review covered 63 Appeals in which the Board found in favour of the appellant and, as well, four<sup>(1)</sup> where the Court did so. For the most part, the conversion process was neutral respecting those goods involved in recent appeals and therefore maintained the more favourable treatment obtained by the appellants. However, the Board found that, in 19 appeals, the HS-based tariff would revert back to the former, and higher, rates of duty which were originally the subject of the appeal action. In order to maintain the accuracy of the new Tariff's nomenclature and rate structure vis-à-vis the provisions of the former Customs Tariff, the Board brings to the attention of the Minister the following 14 Appeals where the increase in the duty rate, in the HS-based tariff, is 2.5 percentage points or more.

In **Appeal No. 2393**, the Board decided that a model H24P Gellert-Bahnsen portable humidifier used in a greenhouse mushroom growing operation, although not a sprinkler irrigation system, was classifiable nevertheless under former tariff item 40924-1, as "all other agricultural implements or agricultural machinery, n.o.p.:". The MFN rate of duty applying

<sup>(1)</sup> Not including Appeal No. 1867, P.F. Collier & Son Ltd v. D.M.N.R., which is still before the Federal Court of Appeal.

under item 40924-1 was Free. Under the present Customs Tariff the humidifier in question would appear to be classified to tariff item No. 8479.89.90 with the MFN rate of 9.2% to pertain, in contrast to the free rate previously applicable.

**In Appeal No. 2435** , the Board held that an electronic scoreboard system was not a sign classified under former item 46500-1, at 11.3 p.c. MFN, but, rather, an electronic data processing machine under item 41417-1 and dutiable at 3.9 p.c.

The Board found that, while the ultimate result of what appears to be a fairly complex function was a message flashed upon a display board, it was clear that substantially more was involved in the operation of the above scoreboard system than simply conveying a message. The essential function of the system was deemed to be the electronic processing of data by means of the equipment located in both the control and display units.

Under the present Customs Tariff, the goods in question would appear to be classified to tariff item No. 8531.80.90, as electric sound or visual signalling units dutiable at 10.3% compared to 3.9% under previous item 41417-1.

**In Appeal Nos. 2322, 2504 and 2505** , the Board found that ticket and label imprinters and shade labelling machines, together with certain parts (ink pads), were "machines, n.o.p." under former item 42700-1. The goods were therefore MFN dutiable at 9.2 p.c. The Appellant had contested a classification of the Deputy Minister to item 41202-1 at the lower rate of 6.8 p.c. in order, apparently, to acquire eligibility for the Machinery Duty Remissions Program available under item 42700-1.

The goods at issue are similar in some respects to printing presses but were not found to compare in versatility, complexity, speed nor output quality compared to a printing press. The associated ink pads were found to be designed specifically for the machines described, which are chiefly used by the garment industry to imprint such things as style number and garment size

tickets/labels or to identify various garment components to ensure proper assembly. The Board thus classified the goods as "machines n.o.p." under item 42700-1.

Under the present Customs Tariff, the ticket and label imprinters and shade labelling machines would appear to be classified as printing presses, under tariff item No. 8443.29.20 at an MFN rate of 6.8%. The ink pads designed for such machines would come under tariff item No. 8443.90.20, covering parts, also at a rate of 6.8%. Neither of these two items are listed in Schedule VI and thus the goods at issue are now precluded from qualifying for duty remission whereas such treatment was accorded previously by reason of the noted three Appeals.

In **Appeal No. 2530**, the Board classified a fluoroscopic closed-circuit television camera, as well as an adaptor collar therefor, as x-ray apparatus under former item 47600-1. The goods were thereby MFN duty free.

The described camera comprises high performance equipment for use with an x-ray image tube and a monitor for X-ray viewing; it is attached to the X-ray image tube, or receptor, by means of the adaptor collar, a specially designed aluminum ring. The receptor converts x-radiation to fluorescent light but in that process the image resulting is too small, at one-tenth the subject size, to provide useful diagnosis. The fluoroscopic camera serves to present the image in a usable size.

In the new Tariff the above camera, which produces a black and white image, would appear to be classified to tariff item No. 8525.30.20 at an MFN duty of 9.5%. This rate also applies to the adaptor collar under tariff item No. 8529.90.90 whereas in both cases former tariff treatment permitted duty-free entry.

In **Appeal No. 2602**, the Board classified photosensitive H.P. Pyrofilm employed in the newspaper industry under previous item 41205-1, at Free, as apparatus for transferring imagery to sensitized paper, film, plates or rolls for use in printing.

The film at issue is used in the newspaper industry in a system which consists of an imager/camera and a plate processor. An image is made by the imager/camera on film coated with a photo-conductor, such as H.P. Pyrofilm. On exposure, the film becomes charged and the image transferred to a "blanket" mounted in the imager. The imaged blanket is then mounted on the plate processor. The film's only purpose in this process is to produce printing plates for the reproduction of material in newspaper and, while it is chemically prepared, it is not photo-polymer coated.

In the present Tariff, Pyrofilm would appear to be classified to tariff item No. 3702.39.90, dutiable at 10.2% MFN, whereas, previously, under item 41205-1 the goods were given free entry.

In Appeal Nos. 2548 and 2642, it was deemed that vitreous and semi-vitreous floor and wall tiles, whether glazed or not, were not commonly referred to in the trade as "clay tiles". The trade distinguishes between non-vitreous, i.e. "clay tiles", and vitreous and semi-vitreous tile on the basis of the degree of water absorption. Thus the Board classified the goods under appeal to former tariff item 28205-1 at 8 p.c. MFN.

In the current tariff, however, classification is based on the method of manufacture. Vitreous and semi-vitreous ceramic tiles, if unglazed, would appear to be classified to tariff item Nos. 6907.10.00 and 6907.90.00, both at 12.5% MFN. When glazed, such tiles would also be dutiable at this 12.5% rate (under tariff item Nos. 6908.10.00 and 6908.90.00) despite that in the former tariff the applicable rate was 8 p.c.

In Appeal No. 2715, the Board held that Thompson seedless grapes (prepared in air-tight cans of 100 ounces each) were a variety of grape neither grown nor canned in Canada. The Board classified the goods under previous tariff item 10609-1, at MFN Free.

In arriving at its decision, the Board concluded that genus and species comprise a reasonable basis for classifying fruits and vegetables unless a particular variety has significant and important characteristics not

available in varieties grown in this country. It found that the evidence clearly demonstrates that no suitable white seedless grape is grown in Canada in commercial quantities. The Appellant was therefore unable to obtain a Canadian grown product and, under such circumstances, the otherwise reasonable system of classification by genus produced an unreasonable result. Further, it was found that grapes are grown, traded and known by variety, as distinct from genus or species.

In the HS-based Tariff, the grapes described would appear to be classified to tariff item No. 2008.99.99 with an MFN duty of 10% compared to former tariff treatment according free entry pursuant to the above Appeal.

In Appeal Nos. 2361, 2378, 2380 and 2424 , pursuant to a judgment by the Federal Court of Appeal the various parts of door exit devices were classified as parts of "machines n.o.p." under former tariff item 42700-1. The Court stated that the parts which were not provided for eo nomine in the former Customs Tariff, e.g., tumbler retainers, strikes, axle spools, dog screws, plated dog screws and washers, as well as other components not individually described, were also to be classified under item 42700-1. The Court considered that chassis nuts and welded ornamental tubing classified under eo nomine tariff items by National Revenue were specifically dedicated to the machine (i.e., door exit devices) and must also be classified under tariff item 42700-1 as parts of machines, n.o.p. On the other hand, the Court considered that certain rivets were of ordinary shape and form and were correctly classified under former tariff item 43000-1. Goods falling under tariff item 42700-1 were dutiable at 9.2 p.c. MFN and, further, were eligible for duty remission under the Machinery Program. Goods formerly falling under tariff item 43000-1 were dutiable at 11.1 p.c. MFN.

The machine or door exit device was described as a device which is attached to a door so as to allow a door latch bolt to be moved. It is comprised of a horizontal bar, often referred to as a crossbar or a push bar, which is fixed to two pivoted lever arms and a latch mechanism. Depression of a horizontal bar by an external force rotates the lever arms, allowing the door to be opened. When the external force is removed from the bar, precompressed springs cause the bar and the other parts to return to their normal stationary position.

The door exit device per se, was not at issue in the noted Appeal but, rather, the various parts for this device. In the present Tariff the device itself would appear to be covered by tariff item No. 8302.41.00. The parts in question, would appear to be classified as "parts of general use" as enumerated below:

tumbler retainers (iron or steel)	- 7326.90.90 @ 10.2% MFN
strikes (plates) (iron or steel)	- 7326.90.90 @ 10.2% MFN
axle spools (iron or steel)	- 7326.90.90 @ 10.2% MFN
dog screws (iron or steel)	- 7318.15.00 @ 11.1% MFN
rivets (iron or steel)	- 7318.23.00 @ 11.1% MFN
special chassis nut (iron or steel)	- 7318.16.00 @ 11.1% MFN
all of the other components designated	
metal Type S (iron or steel)	- 7326.90.90 @ 10.2% MFN
welded ornamental tubing (1)	- 7306.40.00 @ 12.2% MFN
plated dog screws(nickel)	- 7508.00.90 @ 10.2% MFN
washers (plastic)	- 3926.90.90 @ 13.6% MFN
FEHBASE plate assembly (aluminum)	- 7616.90.90 @ 10.3% MFN
550 cylinder collar (aluminum)	- 7609.00.00 @ 10.3% MFN
4 case cover mach.(aluminum)	- 7616.90.90 @ 10.3% MFN
all of the components designated	
metal Type B (copper or brass)	- 7419.99.90 @ 10.3% MFN

As indicated above, the MFN rates now applicable, ranging from 10.2% to 13.6%, would be higher than the 9.2% rate formerly pertaining. Further, none of the above tariff items are listed in Schedule VI as being eligible for duty remission under the Machinery Program whereas such treatment was accorded under the former Customs Tariff.

With respect to the 14 cases discussed above, the HS-based Customs Tariff would impose rates of duty significantly greater than those formerly applicable pursuant to Appeal decisions by the Tariff Board or Federal Court. The Board, therefore, recommends that action be taken to preserve the rates of duty which previously applied prior to conversion.

(1) If of stainless steel and of a circular cross-section less than 406.4mm.



## APPENDIX



APPENDIX I  
LETTER OF REFERENCE

February 10, 1984

Dear Mr. MacDonald,

I am writing to direct the Board, under section 4(2) of the Tariff Board Act, to study and report on the conversion of Canada's Customs Tariff to the Harmonized Commodity Description and Coding System (HS). Enclosed is a draft HS schedule, and related documentation, on which the Board can initiate its study.

As you are aware, the HS is a structured 6-digit nomenclature developed by the Customs Co-operation Council (CCC) in Brussels. It is designed to provide for the systematic classification of all goods in international trade, particularly for customs tariff and statistical purposes. The HS is based on, updates and expands the Customs Co-operation Council Nomenclature which is the tariff classification system currently used by all major trading nations except Canada and the United States.

The HS is supported by the General Rules for the Interpretation of the Harmonized System (Interpretative Rules) and Section and Chapter Notes, to ensure that the HS is interpreted uniformly by those countries using it. The HS is further supported by the Explanatory Notes which constitute the official interpretation of the HS by the CCC.

In 1981 the government decided that Canada should work towards the adoption of the HS. A discussion paper was made public at that time setting out the issue involved; I have enclosed a copy of the paper for your information. Subsequently, a consensus emerged amongst members of the CCC that developed countries should adopt the new system at the 6-digit level of detail by a formal CCC Convention which would bind signatories to use the system in its entirety. Furthermore, it has been agreed that countries should aim for an implementation date of January 1, 1987.

In June 1983, the CCC approved the "International Convention on the Harmonized Commodity Description and Coding System", Article 3 of which sets forth the obligations of a contracting party in respect of its customs tariff. In preparing the draft HS schedule the undertakings of Article 3 were applied. I would ask that the Board in conducting its study be guided by the Convention.

In carrying out this inquiry I would ask the Board to focus its review on the accuracy of the draft schedule's nomenclature and rates vis-à-vis the existing provisions of the Customs Tariff, bearing in mind the changes that have been made by departmental officials to condense and simplify the draft schedule. I would also ask the Board to focus on ways the schedule might be further improved.

The schedule has been developed on the basis of Most-Favoured-Nation rates in effect on January 1, 1987. I would like the Board to use these rates as the basis of its study and I would not want the Board to propose changes that would have an overall significant effect on them. In this connection, the Board should take into account Canada's tariff commitments under the GATT and the rate adjustment principles approved by the GATT Committee on Tariff Concessions on June 30, 1983.

In developing its recommendations I would expect that the Board would be guided both by its own investigations and by representations from interested parties.

Two areas which required special treatment in developing the draft schedule are the so-called "end-use" tariff items and items covering "parts" of various products, particularly those items of broad coverage. I am not asking the Board at this time to review items of this kind that have been introduced on a temporary basis by Order-in-Council. With respect to the "statutory" end-use and parts items, while some of these have been fitted into the HS schedule, it was decided that rather than create a large number of new tariff lines in the schedule, other such items should be set out in a supplementary Annex to the schedule. In the course of this enquiry I would ask the Board to examine whether products and items in the Annex could be incorporated into the draft schedule. In this regard, the Board should take account, inter alia, of the need for individual items under current economic circumstances, the importance in trade terms of imports of individual products under items of broad coverage, and alternate ways of providing for these items if their incorporation into the schedule is not deemed feasible at this time.

The enclosed material comprises chapters 1-15 of the draft HS schedule, and related documentation, and represents a relatively small part of the entire HS schedule. It was decided that in light of the time constraints imposed by the January 1, 1987 target for implementation of the HS and the volume of work involved in the conversion and review processes, it would be appropriate to refer the various chapters of the draft schedule to the Board as they are completed by departmental officials. In view of this, I would request that the Board during the course of its study submit reports as it completes its work on the various commodity groupings, with a final report to be submitted by January 1, 1986.

Yours sincerely,

Roy MacLaren

APPENDIX 2

STATUTORY CONCESSIONARY TARIFF ITEMS EXAMINED  
IN PHASE V OF REFERENCE 163<sup>(1)</sup>

*100-1	*7625-1	9207-1	*17900-1
*200-1	*7803-1	9213-1	18005-1
*205-1	7804-1	9215-1	*18015-1
*504-1	*7805-1	9218-1	*18020-1
940-1	7920-1	9221-1	*18025-1
945-1	*7925-1	10653-1	*18030-2
*4305-2	*7935-1	10660-1	*18110-1
5405-1	*8230-1	10661-1	18200-1
*6805-1	8235-1	10704-1	*18310-1
6921-1	*8240-1	*11500-2	*18500-1
6921-2	*8600-1	*11510-1	18705-1
6922-1	8702-1	*12310-1	18710-1
*6923-1	8704-1	*13200-1	*18720-1
*6924-1	8706-1	13415-1	18725-1
*6925-1	8708-1	*14203-2	18800-1
6926-1	8718-1	14204-2	*18805-1
6927-1	8726-1	14205-1	19205-1
6928-1	8728-1	14210-1	19210-1
6928-2	8733-1	15645-1	19230-1
*6929-1	8743-1	*15710-1	*19235-1
*6930-1	8801-1	16305-1	19240-1
6931-1	8802-1	17305-1	*19250-1
6931-2	8803-1	17310-1	19265-1
*7100-1	*9012-1	17315-1	*19273-1
7115-1	*9015-1	17320-1	19400-1
*7120-1	9050-1	17325-1	*19405-1
7215-1	9203-1	17335-1	19705-1

(1) \* - All asterisks denote those former tariff items which contained an end-use provision but where such previous end-use provision has not been retained consequent to conversion to the HS-based Customs Tariff.

19725-1	26200-1	31220-1	*34820-1
*19735-1	26310-1	31405-1	*34830-1
19740-1	26405-1	*31500-1	*35115-1
19745-1	26701-1	31605-1	35122-1
19755-1	*26702-1	*31610-1	35205-1
*19802-1	*26710-1	*31615-1	35210-1
19805-1	*26800-1	*31700-1	35211-1
*19915-1	*26805-1	*31905-1	*35230-1
*19925-1	26915-1	32616-1	35235-1
19935-1	27000-1	32618-1	*35240-1
19940-1	27005-1	32621-1	35310-1
19945-1	*27010-1	*32624-1	35318-1
19946-1	*27200-1	32627-1	35325-1
19947-1	27210-1	*32630-1	*35505-1
*19950-1	27310-1	*32633-1	35510-1
*19960-1	*27501-1	32636-1	35610-1
*20600-1	27800-1	32639-1	*35905-1
20605-1	27805-1	32642-1	36205-1
20610-1	27900-1	32654-1	*36500-1
20620-1	28010-1	*32657-1	36505-1
*20625-1	*28115-1	32660-1	*36510-1
*20630-1	*28116-1	32669-1	37000-1
20635-1	28210-1	32675-1	37100-1
20640-1	*28215-1	32701-1	*37303-1
*20645-1	28405-1	*32705-1	*37310-1
*21630-1	28705-1	32805-1	37506-1
21940-1	28710-1	34000-1	*37520-1
21950-1	28810-1	*34205-1	37915-1
22001-3	29630-1	*34500-1	38004-1
23105-1	*29655-1	34615-1	38206-1
23215-2	*29706-1	34700-1	38207-1
*23235-1	*30615-1	34705-1	38300-1
23240-1	30905-1	*34800-1	38305-1
*23610-1	31215-1	*34810-1	38400-1

38400-2	40948-1	41210-1	42835-1
39101-1	40950-1	41220-1	*43132-1
*39215-1	40952-1	41233-1	*43145-1
39300-1	40956-1	41235-1	43155-1
39401-1	40958-1	41240-1	43215-1
*39402-1	40959-1	41245-1	*43230-1
39800-1	40960-1	41305-1	*43405-1
39805-1	40962-1	41310-1	*43410-1
*39815-1	40966-1	*41435-1	43415-1
39900-1	41000-1	*41450-1	43420-1
39905-1	*41001-1	41527-1	*43430-1
39910-1	*41002-1	41600-1	43435-1
39915-1	41003-1	41800-1	43700-1
*40000-1	41004-1	41805-1	*43705-1
*40000-2	41006-1	42000-1	43705-2
*40005-1	*41011-1	42000-2	43715-1
40104-1	41012-1	42100-1	43720-1
40114-1	*41013-1	*42405-1	43804-1
*40401-1	*41014-1	42520-1	43806-1
*40402-1	41020-1	*42525-1	43807-1
*40500-1	41021-1	*42605-1	43808-1
*40505-1	41022-1	*42700-3	43810-1
40800-1	41023-1	*42700-4	43811-1
40902-1	*41026-1	42723-1	43812-1
40917-1	*41031-1	42732-1	43813-1
40918-1	41035-1	42733-1	43814-1
40919-1	*41045-1	42738-1	43815-1
40920-1	41047-1	42741-1	43816-1
*40922-1	41100-1	42744-1	43817-1
*40924-1	*41105-1	42747-1	43819-1
40926-1	41105-2	*42761-1	43820-1
*40940-1	41105-3	42762-1	43821-1
*40942-1	41106-1	42810-1	43824-1
40944-1	41201-1	42818-1	43825-1
*40946-1	41205-1	42825-1	43826-1

43829-1	44300-2	*44562-1	46320-1
*43832-1	44300-3	44573-1	46325-1
43833-1	44300-4	44599-1	*46510-1
43842-1	*44300-10	44600-1	46600-1
43868-1	44300-11	44603-2	*47100-1
43905-1	*44300-12	44603-3	*47105-1
44002-1	*44300-20	*44607-1	*47110-1
44006-1	44310-1	44612-1	47600-1
*44009-1	44315-1	44615-1	47605-1
44010-1	44320-1	44619-1	47620-1
44011-1	44325-1	44630-1	47700-1
44019-1	44330-1	44633-1	*47830-1
44022-1	44330-2	44643-1	47835-1
*44025-1	*44335-1	44700-1	47900-1
44028-1	44340-1	44705-1	*48001-1
44031-1	44522-1	44710-1	48002-1
44037-1	*44528-1	44715-1	48003-1
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